Advanced Education and Technology

learn & imagine

Annual Report 2006-07

Alberta

For more information, contact:

Corporate Planning and Performance Measurement
Advanced Education and Technology
9th Floor, Commerce Place
10155 102 Street
Edmonton, Alberta T5J 4L5

phone (780) 422-1281
fax (780) 427-0266

To be connected toll-free, call 310-000

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Advanced Education and Technology
2006-07 Annual Report

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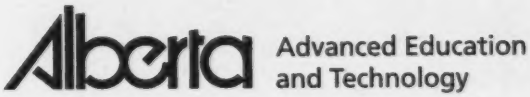

Alberta
Advanced Education
and Technology

Public Accounts 2006-07 - Preface

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 20 Ministries.

The annual report of the Government of Alberta released June 21, 2007 contains the Minister of Finance's accountability statement and the consolidated financial statements of the Province. The *Measuring Up* report released June 28, 2007 provides a comparison of the actual performance results to the desired results set out in the government's business plan.

This annual report of the Ministry of Advanced Education and Technology contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- the financial statements of entities making up the Ministry including the Department of Advanced Education and Technology, regulated funds and provincial agencies for which the Minister is responsible,
- other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report.

Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2007 was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 17, 2007 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

original signed by

Doug Horner
Minister of Advanced Education and Technology

Message from the Minister

I am pleased to present the 2006-07 Annual Report for the Ministry of Advanced Education and Technology. The report highlights accomplishments of the former ministries of Advanced Education, and Innovation and Science, and also reflects upon the exciting goals Advanced Education and Technology has been working toward since its creation in December 2006.

The Ministry, together with its stakeholders, partners and agencies, made many positive steps toward creating accessible, affordable, quality learning opportunities for Albertans, and also supported commercialization and innovation across the province by:

- Introducing a new tuition fee policy that limits annual tuition increases to the annual change in the Alberta Consumer Price Index;
- Issuing the first matching grant payments of $42.5 million under the Access to the Future Fund to support enhancements for the post-secondary system;
- Registering nearly 24,000 new apprentices, bringing the total number of apprentices being trained in Alberta to more than 60,000;
- Introducing a new $100 grant under the Alberta Centennial Education Savings Plan for Alberta students aged 8, 11 and 14.
- Contributing funds toward a $60 million Government of Alberta investment for the state-of-the-art National Institute for Nanotechnology (NINT) in Edmonton;
- Investing $8 million through the Energy Innovation Fund toward an $11 million contribution to a research project that aims to find the cleanest ways to generate electricity from Alberta's vast reserves of coal; and
- Announcing a joint investment of $16.6 million in the federal-provincial Western Economic Partnership to increase innovation in, and promote the commercialization of environmental technologies.

Since its creation, Advanced Education and Technology has made great strides in building a stronger Alberta and managing growth pressures by: increasing access, affordability and quality in post-secondary education; increasing support for community education and literacy programs; and addressing the recommendations of the Value Added and Technology Commercialization Task Force to develop a strategy for technology commercialization and economic diversification.

I welcome the opportunity for knowledge sharing and innovation this new Ministry brings, and I am confident our future achievements will help keep Alberta prospering in today's global economy. Along with our stakeholders, the Ministry will continue to work toward building the best advanced learning system and developing the most innovative technology in the country.

original signed by

Doug Horner
Minister of Advanced Education and Technology

Management's Responsibility for Reporting

The Ministry of Advanced Education and Technology includes:

- the Department of Advanced Education and Technology,
- the Access to the Future Fund,
- the Public Post-Secondary Institutions,
- the Alberta Research Council Inc., and
- Informatics Circle of Research Excellence (iCORE) Inc.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Advanced Education and Technology. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated financial statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts that are based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control which give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money,
- provide information to manage and report on performance,
- safeguard the assets and properties of the Province under Ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Advanced Education and Technology any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executives of the individual entities within the Ministry.

original signed by

Dr. R.J. (Bob) Fessenden
Deputy Minister of Advanced Education and Technology
September 17, 2007

Overview

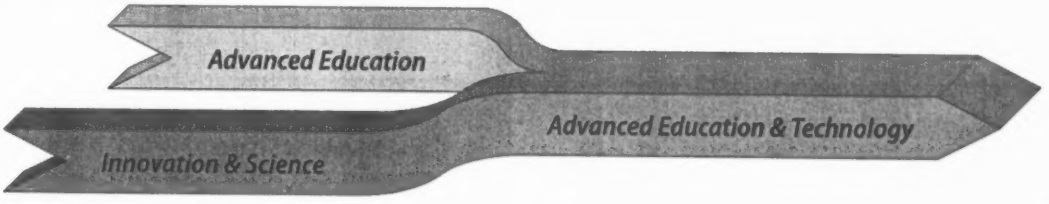
Introduction

Operational Overview

Summary of Key Activities

Introduction

In December 2006, the former Ministries of **Advanced Education** and **Innovation and Science** were merged to create the Ministry of **Advanced Education and Technology**.



Alberta Advanced Education and Technology's vision and mission define the Ministry. The Ministry's vision is its view of the future and the mission describes the Ministry's purpose and reason for existence.

The Ministry's goals are broad statements describing the desired outcomes that the Ministry wants to achieve in fulfilling its mission.

The vision, mission and goals below guided the work of the Ministry in the 2006-07 fiscal year.

Vision

Alberta leads the world in inspiring and supporting lifelong learning for all its peoples, and prospers through innovation.

Mission

Assist Alberta to be a learning and innovative society.

Goals

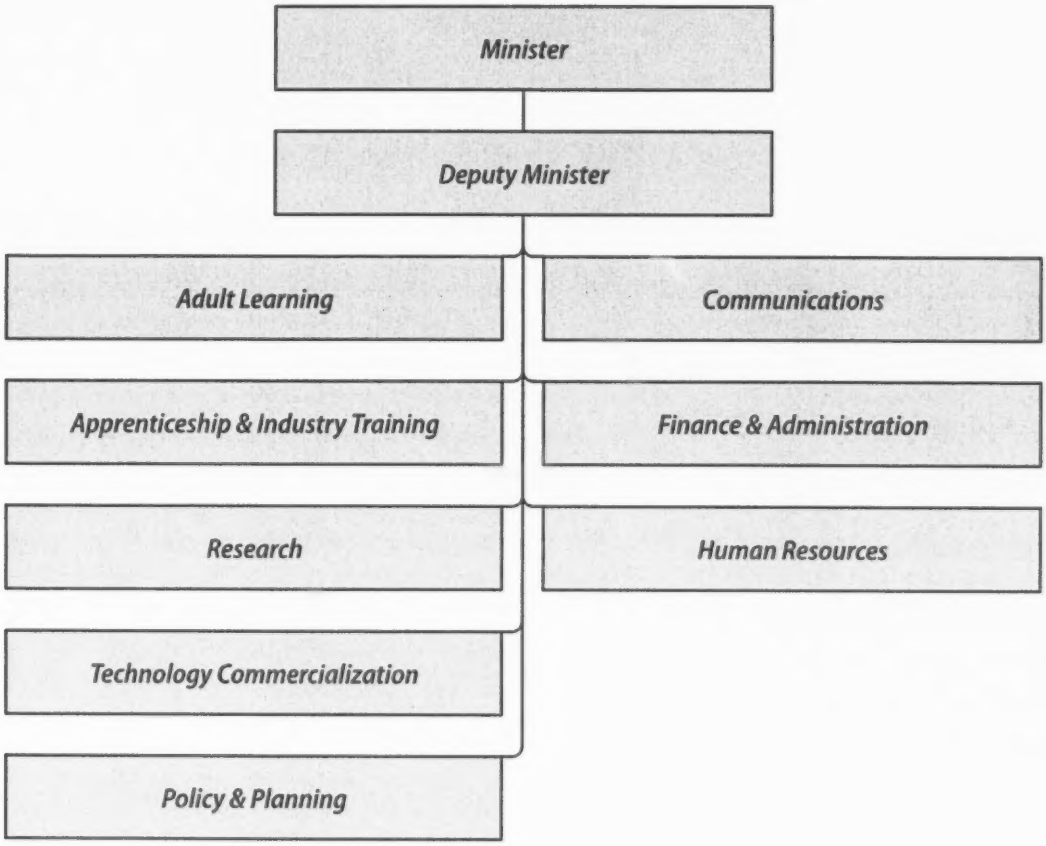
Advanced Education and Technology's goals align with its two Core Businesses:

Core Business 1	***A Learning Alberta***
Goal 1	***Quality Advanced Learning Opportunities***
Goal 2	***Adult Learners Participate in Advanced Education***
Core Business 2	***Innovation***
Goal 3	***Implement Innovation***
Goal 4	***Build Research Capacity in Areas of Strategic Priority***
Goal 5	***Accelerate Innovation in the Energy Sector***
Goal 6	***Accelerate Innovation in the Information and Communications Technology Sector***
Goal 7	***Accelerate Innovation in the Life Sciences Sector***

Operational Overview

In collaboration with learning providers, industry, communities, government agencies and non-governmental organizations, the **Ministry of Advanced Education and Technology** strives to fulfill its mission by creating accessible, affordable and quality learning opportunities that are responsive to the ongoing learning needs of Albertans. The Ministry collaborates with key innovation support agencies to foster support for commercialization and innovation activities across the province.

Department of Advanced Education and Technology



The **Department of Advanced Education and Technology** is organized into the Adult Learning, Apprenticeship and Industry Training, Research, Technology Commercialization, and Policy and Planning divisions. In addition, Communications, Finance and Administration, and Human Resources provide supporting functions to the work of the Ministry. Each division provides specific expertise to the advanced learning and innovation system. All divisions share responsibility for providing integrated service by partnering with one another, and with other Alberta ministries, post-secondary institutions, adult learning providers, stakeholder organizations and industry.

Department of Advanced Education and Technology

Program Divisions

Adult Learning

The **Adult Learning Division** works with adult learners and the public and private post-secondary institutions to support learners, provide learning opportunities and enhance the advanced learning system. Specifically, the division funds advanced learning providers; provides student financial assistance to Albertans; coordinates and approves programs of study at public institutions; licenses and approves programs offered by private providers; and funds, supports and provides community adult learning opportunities. The division also coordinates and supports activities of the Access Advisory Council, the Alberta Council on Admissions and Transfer, the Campus Alberta Quality Council and the Students Finance Board.

Apprenticeship and Industry Training

The **Apprenticeship and Industry Training Division** works with industry, employer and employee organizations, technical training providers, government and Ministry divisions to support the development, maintenance, and delivery of designated trade and occupation programs. Specifically, the division provides planning, coordination, and policy support to the Alberta Apprenticeship and Industry Training Board and its network of industry committees; facilitates industry's development of training and certification standards; counsels apprentices and employers; provides funding for approved programs; promotes participation and certifies individuals in designated trades and occupations and monitors the workplace for compliance with the *Apprenticeship and Industry Training Act* and regulations.

Research

The **Research Division** works with the Alberta Science and Research Authority and its research institutes for Life Sciences, Energy, Information and Communications Technology, Agriculture and Forestry to coordinate, support and promote research, development and innovation in the strategic priority sectors of energy, life sciences (e.g. agriculture, forestry, health, water), information and communications technology and nanotechnology. The University Research and Strategic Investments Branch is responsible for the pre- and post-award management of research capacity/equipment grant programs and the Innovation and Service Excellence Program. It facilitates alignment with the Research Institutes' initiatives and other research partners where appropriate to build capacity and research excellence.

Technology Commercialization

The **Technology Commercialization Division** supports the creation and establishment of new technology companies in key emerging industries by focusing on four areas of activity: technology development services; business development services; access to capital; and international partnerships and investment attraction. The division also provides the department with information management and technology services.

Support Division and Functions

Policy and Planning

The **Policy and Planning Division** supports the Ministry in strategic corporate planning, innovation and advanced education policy development, and in provision of department-wide business innovation and legislative and regulatory services. The division works closely with the department's line divisions, associated agencies (such as the Alberta Science and Research Authority), other support units within the department, and with advanced education and innovation departments in other jurisdictions. System issues are identified and understood through comprehensive environmental scanning and information collection and analysis processes. Policy options are identified and information, policies and planning directions are communicated to help the Ministry achieve its goals.

Communications

Communications provides timely, strategic communications support and advice (planning, consulting and technical guidance) to the Minister and the department on key issues, policies and initiatives. Communications works closely with other provincial departments and other levels of government, media, stakeholders, educational and research institutions and others to inform Albertans about the importance of advanced learning and innovation.

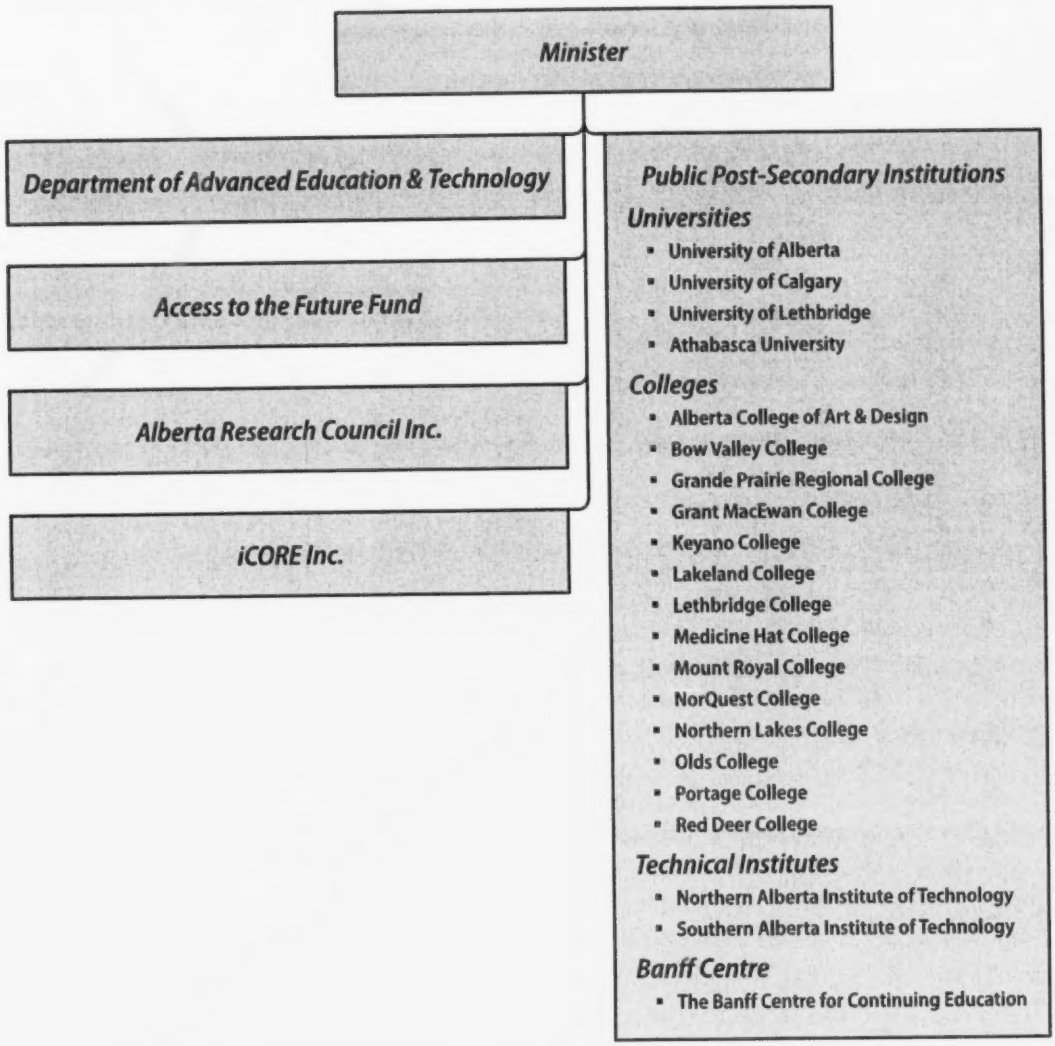
Finance and Administration

Finance and Administration provides strategic advice and services to the department in areas such as financial planning, reporting and operations. The goal of Finance and Administration is to ensure the effectiveness and efficiency of financial management, accountability and administration functions within the Ministry.

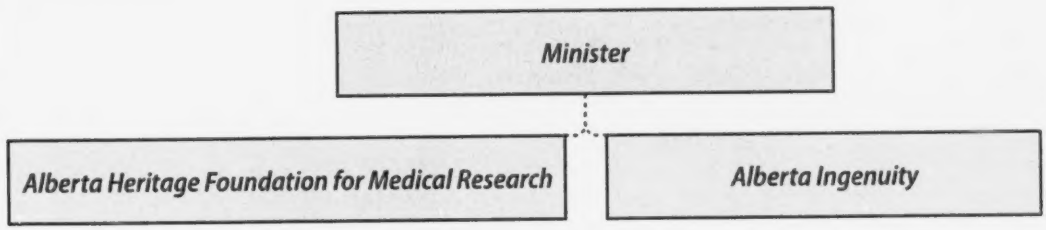
Human Resources

Human Resources provides consultation and support, and advises the department on all activities related to the management of its human resources such as policy and planning, staffing, performance management, job classification and organization design, employee relations, staff development, occupational health and safety, wellness, and pay and benefits.

Entities Included in Ministry Financial Statements



Other Entities



Entities Included in Ministry Financial Statements

Department of Advanced Education and Technology

For an overview of the **Department of Advanced Education and Technology** see pages 6 and 7.

Access to the Future Fund

The **Access to the Future Fund** supports innovation and excellence within the advanced learning system to enhance and expand accessible, affordable and high quality learning opportunities. The Fund receives income from an endowment held within the Alberta Heritage Savings Trust Fund. Established in 2005, the endowment is targeted to reach $3 billion at full implementation.

Alberta Research Council Inc.

Alberta Research Council Inc. is a not-for-profit corporation owned by the Government of Alberta that delivers innovative science and technology solutions to meet the priorities of industry and government in Alberta and beyond. The corporation accelerates the development and commercialization of products, processes and services in the energy, life sciences, agriculture, environment, forestry and manufacturing sectors.

iCORE Inc.

iCORE Inc. (Informatics Circle of Research Excellence) is a not-for-profit corporation owned by the Government of Alberta that supports the innovation-based economy of the province by attracting world-class information and communications technology researchers and graduate students to Alberta. Access to research expertise and high quality students provides Alberta's traditional and emerging industry sectors with the knowledge and human resources needed to compete in the global economy.

Public Post-Secondary Institutions

Alberta's **public post-secondary institutions** include universities, colleges, technical institutes and the Banff Centre.

Alberta's four **universities** offer a wide range of undergraduate degree programs, as well as a comprehensive range of graduate studies. The universities are responsible for the majority of research undertaken within the province's post-secondary system. Main campuses for Alberta's three campus-based universities are located in Calgary, Edmonton and Lethbridge. There is also one distance learning university located in Athabasca.

Alberta's 14 **colleges** may offer academic upgrading, job readiness, apprenticeship, certificate, diploma, university transfer, baccalaureate and applied degree programs.

Alberta also has two **technical institutes** that offer programs tailored to workplace requirements. Technical institutes may offer certificate, diploma, baccalaureate and applied degree, apprenticeship and continuing education programs.

The **Banff Centre for Continuing Education** provides advanced continuing education opportunities in fine arts, management studies, language training and environmental training for people who already have academic credentials and/or professional experience in their discipline.

Other Entities

The following entities are arms-length from, but accountable to, the Government of Alberta. They are excluded from consolidated budgets and financial statements of both the Ministry and the Government of Alberta. Under their respective statutes, these entities must prepare an annual report of their activities, including audited financial statements, and submit these to the Minister.

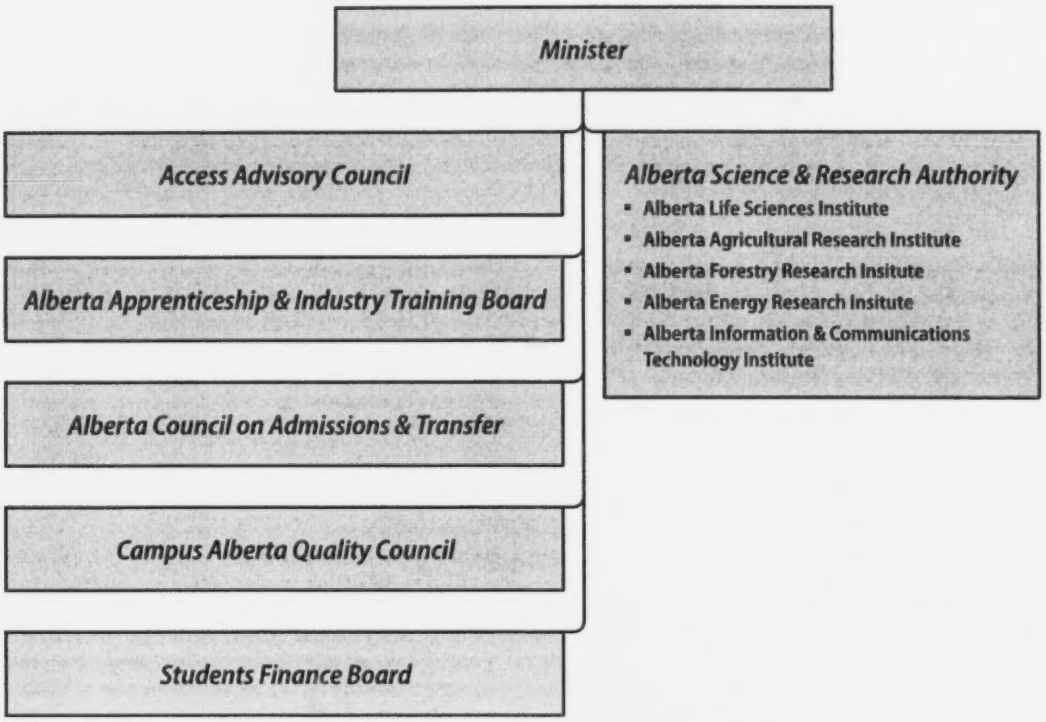
Alberta Heritage Foundation for Medical Research

The **Alberta Heritage Foundation for Medical Research** supports biomedical and health research at Alberta universities, affiliated institutions, and other medical and technology-related institutions. The foundation currently provides funding for over 600 researchers and researchers-in-training at the province's three main universities. Total funding awarded since 1980 is in excess of $850 million.

Alberta Ingenuity

Alberta Ingenuity is the trade name of the Alberta Heritage Foundation for Science and Engineering Research. It supports a balanced, long-term program of science and engineering research based in Alberta to nurture the discovery of new knowledge and encourage its application to benefit Albertans.

Advisory Boards, Councils and Authorities


Minister
Access Advisory Council
Alberta Apprenticeship & Industry Training Board
Alberta Council on Admissions & Transfer
Campus Alberta Quality Council
Students Finance Board
Alberta Science & Research Authority
Alberta Life Sciences Institute
Alberta Agricultural Research Institute
Alberta Forestry Research Insitute
Alberta Energy Research Insitute
Alberta Information & Communications Technology Institute

Advisory Boards, Councils and Authorities

Access Advisory Council

The Access Advisory Council is a 9-member council appointed by the Minister of Advanced Education and Technology. The Council provides strategic advice and recommendations to the Minister of Advanced Education and Technology regarding the objectives, operation and reporting of the Access to the Future Fund.

Alberta Apprenticeship and Industry Training Board

The Alberta Apprenticeship and Industry Training Board is a 13-member board, appointed by the Lieutenant Governor in Council. The Board works with industry to establish the standards and requirements for training and certification in programs under the *Apprenticeship and Industry Training Act*. It makes recommendations to the Minister of Advanced Education and Technology about the needs of Alberta's labour market for skilled and trained workers and the designation of trades and occupations.

Alberta Council on Admissions and Transfer

The Alberta Council on Admissions and Transfer is a 15-member council with representation from the public, students, the universities, public colleges and technical institutes, private colleges and Alberta Education. As an independent body, which reports annually to the Minister of Advanced Education and Technology, it is responsible for developing policies, guidelines and procedures designed to facilitate transfer agreements among post-secondary institutions.

Campus Alberta Quality Council

The Campus Alberta Quality Council is an 11-member council that provides advice to the Minister of Advanced Education and Technology with respect to the quality of all proposed degree programs at both public and private institutions. It is also responsible for monitoring the programs once approved to ensure that the Council's conditions and quality standards continue to be met.

Students Finance Board

The Students Finance Board is an 11-member board appointed by the Minister of Advanced Education and Technology, with representation from the public and students. The Board provides advice to the Minister on matters pertaining to financial assistance for post-secondary students. The Minister may also request the Board to make inquiries, conduct research, or collect information, and report the results to the Minister.

Alberta Science and Research Authority

The Alberta Science and Research Authority is an independent board of members from Alberta's academic, business and research communities, appointed by government. The authority's mission is to enhance the contribution of science and research to the sustainable prosperity and quality of life of all Albertans. In order to fulfill this mission, the authority functions as the senior science and research advisory body to the Government of Alberta.

The authority includes:

- Alberta Life Sciences Institute
- Alberta Agricultural Research Institute
- Alberta Forestry Research Institute
- Alberta Energy Research Institute
- Alberta Information and Communications Technology Institute

Each institute is an unincorporated board comprising representatives from industry, academia and government. They provide strategic direction in priority sectors.

Summary of Key Activities

In support of its core businesses and goals, Alberta Advanced Education and Technology pursued the following activities in 2006-07.

Core Business 1 *A Learning Alberta*

Goal 1 *Quality Advanced Learning Opportunities*

- Released the *A Learning Alberta* final report which includes a long-range policy framework for Alberta's advanced education system. As a result of the recommendations, the Ministry initiated the development of a roles and mandates framework for the publicly funded post-secondary system and launched *Vibrant Learning Communities*, a comprehensive review of community adult learning programs.
- Invested $42.5 million through the Access to the Future Fund for matching grants for donations to universities, colleges, technical institutes and other post-secondary providers to improve access, affordability and quality. The Access to the Future Fund receives income from an endowment that was increased from $750 million to $1 billion in 2006-07.
- Invested $24.5 million in the University of Alberta's new China Institute to support the institute as it develops educational, research and business connections between China and Alberta.
- Created more than 2,400 new certificate, diploma, undergraduate and graduate spaces at Alberta's post-secondary institutions through the Enrolment Planning Envelope, increasing learner access to Alberta's post-secondary system. Of these new spaces, 200 were created for Aboriginal students, with the majority being created outside of the seven major urban centers close to Aboriginal communities.
- Increased the number of apprenticeship technical training seats by 26% from the previous year.
- Expanded access to baccalaureate nursing programs, following the recommendation of the Campus Alberta Quality Council to approve a new four-year Bachelor of Science in Nursing degree at Grant MacEwan College.
- Approved 17 new degree programs proposed by Alberta public colleges, university colleges and universities based on the recommendation of the Campus Alberta Quality Council.
- Addressed industry need for certification and training options in the ironworker and welder trades and recognized snubbing services as a designated occupation.
- Licensed five new private institutions to offer vocational training programs in accordance with the *Private Vocational Schools Act*. There are now 151 private institutions in Alberta offering 764 licensed vocational training programs.
- Supported 83 Community Adult Learning Councils which provided approximately 65,000 registrants with almost 5,000 course, workshop and conference opportunities.
- Expanded access to apprenticeship technical training in local communities by offering electrician technical training at Northern Lakes College and welder technical training at Olds College for the first time.
- Facilitated distribution of apprenticeship Individual Learning Modules (ILMs) in provinces across Canada through agreements with nine colleges outside Alberta. Of the 1.4 million ILMs utilized, out-of-province usage accounted for 29%, resulting in the expanded use of consistent training materials across Canada.
- Worked with post-secondary technical training providers to provide pre-trades training that leads to an apprenticeship. Pre-trades training opportunities were offered in the heavy equipment technician, electrician, welder, carpenter, steamfitter-pipefitter, millwright and automotive service technician trades in locations across the province.
- Contributed $2.8 million toward a $16 million investment for an equipment legacy program for the WorldSkills Calgary 2009 competition.
- Amended the *Post-secondary Learning Act* and created a new regulation to allow public colleges and technical institutes in Alberta that offer bachelor degree programs to choose a model of governance that reflects the involvement of academic staff in decision making around academic programming.
- In collaboration with Alberta Infrastructure and Transportation, provided a total of $395 million for maintenance, preservation and expansion projects to enhance the infrastructure of Alberta's post-secondary system and facilitate the delivery of high-quality advanced learning opportunities throughout the province.
- Created a new $300,000 Alberta-Smithsonian internship program through the University of Alberta that will provide opportunities for 50 post-secondary students to gain valuable international academic and life experiences.
- Introduced the Washington Center-Alberta internship partnership which will offer 25 Alberta post-secondary students the opportunity to gain work experience or take courses at The Washington Center in Washington D.C. and earn academic credit at their home institution.
- Supported the recognition of prior learning by processing over 8,200 prior learning assessment applications for apprentices and trade certificate applicants, a 60% increase over the previous year. These provide advanced standing in an apprenticeship program or full certification.
- Worked collaboratively with Alberta Employment, Immigration and Industry; Service Canada; and Citizenship and Immigration Canada to provide foreign worker information sessions across the province. The sessions provide information about the foreign worker recruitment processes, rights and obligations.

Goal 2 *Adult Learners Participate in Advanced Education*

- Established and implemented components of the *Affordability Framework*, including the establishment of a new tuition fee policy that limits annual tuition increases to the annual change in the Alberta Consumer Price Index, and the implementation of changes to student financial assistance programs.
- Launched mentoring pilot projects in Edmonton and Calgary to help younger students discover their skills and interests, build their self-esteem, and learn about all aspects of planning for post-secondary studies.
- Expanded the *Learning Clicks* post-secondary awareness program to include a component focused on providing parents with information on the learning options available to their children.
- Supported industry and organizations to encourage increased hiring and training of underrepresented groups in the trades through the Alberta Aboriginal Apprenticeship Project, Youth Apprenticeship Project, CAREERS: The Next Generation, Aboriginal Youth Ambassadors, Youth in Transition to Apprenticeship Project, and Opportunities for Women in Construction.
- Registered nearly 24,000 new apprentices, bringing the total number of apprentices being trained in Alberta to more than 60,000. Participation in Alberta's apprenticeship and industry training system is at the highest level ever, which is helping to address the skilled labour shortages being experienced in the province.
- Launched new resources for students with disabilities and their parents to assist with preparing and planning for post-secondary studies.
- Launched the *Youth in Transition* program, a new pilot program through NorQuest College that will assist immigrant youth in strengthening their literacy skills.
- Promoted increased hiring of apprentices by employers, resulting in more than 13,500 employer training sites for apprentices.
- Funded 72 volunteer tutor adult literacy programs that assisted 2,019 adults with more than 89,000 hours of tutoring support to improve their reading, writing, numeracy, or English language skills.
- Provided a record number of scholarships to more than 30,000 Alberta students totaling almost $50 million.
- Awarded a record 396 Registered Apprenticeship Program (RAP) scholarships, worth $1,000 each, to high school graduates throughout the province.
- Expanded the Alexander Rutherford High School Achievement Scholarship by adding hundreds of different courses to the eligibility criteria for Grade 12 students who achieve outstanding grades.
- Awarded 60 Aboriginal post-secondary students with the Aboriginal Health Careers Bursary to help ensure that Aboriginal communities will have greater access to Aboriginal health care practitioners and culturally-sensitive health services.
- Partnered with nine Aboriginal organizations to support family literacy programming specific to their needs.
- Implemented a $2 million pilot program that will provide grants for post-secondary students attending First Nations colleges.
- In partnership with the Canada Millennium Scholarship Foundation, introduced the Millennium Alberta Rural Incentive Bursary that provided 4,574 post-secondary students from rural Alberta up to $1,000 each towards their post-secondary education.
- Awarded more than $7.2 million in scholarships to 1,400 Albertans completing masters and doctorate level studies recognizing their exceptional academic achievement.
- Launched the *Scholarship Connections* database, a new online tool to provide prospective and current post-secondary students with improved access to scholarship opportunities.
- Awarded eight Alberta high school students with Grant MacEwan United World College Scholarships, providing them with two years of study at one of 12 United World Colleges located worldwide.
- Completed a federal-provincial agreement that will allow international students studying at Alberta's public post-secondary institutions to work off-campus.
- Expanded the Alberta Centennial Education Savings Plan to students aged 8, 11 and 14, making them eligible to receive a $100 grant from the Government of Alberta for their Registered Education Savings Plan (RESP).
- Responded to 159,713 enquiries on student assistance programs including loans, grants, bursaries and scholarships.
- Co-chaired the *Building and Educating Tomorrow's Workforce* priority initiative with Alberta Employment, Immigration and Industry. A provincial labour force strategy with four themes: inform, attract, develop and retain, was successfully released to the public and actions related to the four themes were implemented.

Core Business 2 Innovation

Goal 3 Implement Innovation

- Announced $16.6 million under the joint federal-provincial Western Economic Partnership for innovation and economic development initiatives to fund 10 diverse projects including carbon dioxide management, fuel cells technology, the development of new environmental products, and bioproducts.
- Launched the National Institute for Nanotechnology (NINT) facility in Edmonton, which includes high-tech equipment providing optimal conditions for nano-scale research and collaboration, and will help make Alberta one of the world's leaders in this highly sophisticated and specialized science.
- As part of Innovation and Investment Week, sponsored The Banff Venture Forum and the Alberta Life Technologies Investor Forum, attracting more than 300 local and international investors and government officials. The forums provided insight into key industry issues as well as the chance to learn from world-class investment professionals.
- Provided $2.6 million in funding for the Regional Innovation Support Initiative to help Alberta entrepreneurs and innovative companies through different phases of the innovation process.
- Announced a new funding competition for Alberta's Innovation Program, resulting in the provision of $7.6 million for 11 innovative projects. The projects included: exploring innovative approaches to the use of new technologies to add value to pulp production; developing new fibres from agricultural products as materials for industry; and demonstrating technologies to remove hydrocarbons and solids from produced water in heavy oil.

Goal 4 Build Research Capacity in Areas of Strategic Priority

- Doubled the capacity of Alberta Ingenuity's industry associates program by providing 40 new researchers a stipend of $48,000 and a research allowance of $7,000 each year for up to two years, to address the growing need for research personnel in industry.
- Provided $2.4 million to 12 successful researchers to help get their labs up and running, through three rounds of the competitive Small Equipment Grants Program.
- Provided $19.7 million to support large-scale research infrastructure projects through the competitive Alberta Science and Research Investments Program.
- Provided $400,000 in renewal funding to the Pacific Institute for the Mathematical Sciences to support the Institute's math-based educational and industrial activities.
- Provided $500,000 to the Canadian Institute for Advanced Research to support networks of leading researchers who contribute to strategic research priorities in Alberta and beyond.
- Provided $700,000 for priority research equipment for the National Institute of Nanotechnology.

Goal 5 Accelerate Innovation in the Energy Sector

- Launched the Hydrocarbon Upgrading Demonstration Program to test and demonstrate next generation technologies (e.g. gasification) that upgrade hydrocarbons to value-added refined products and which include carbon dioxide capture and storage.
- Sponsored the Global Networking Symposium on BioEnergy in Calgary, featuring international speakers and provincial leaders in agriculture, finance and energy, and focusing on the multi-billion dollar global biofuel industry and opportunities for production of bio-based transportation fuels in Alberta.
- Provided $22.5 million toward the first projects to be funded under the $200 million Energy Innovation Fund. One project will determine the best design for a plant to use Alberta's lower mercury and lower sulphur coal as a cleaner fuel to generate heat and electricity. Another project will gasify solid wastes to produce electricity, resulting in a smaller landfill and reduced methane gas which is a key greenhouse gas.
- Began developing technologies to make bitumen more marketable world wide, supporting economic growth and employment via small regional field developments, developing new industries and creating possibilities for exporting technology and expertise.

Goal 6 *Accelerate Innovation in the Information and Communications Technology Sector*

- Contributed $2.5 million towards the establishment of the Alberta Centre for Micro and Nano-technologies Packaging and Product Development.
- Contributed $160,000 towards a nearly $1 million investment, in partnership with Western Economic Diversification Canada, in support of phase two of the Wireless City initiative, to showcase Alberta's wireless products and services to international markets via demonstrations, tradeshows and the first "Alberta Wireless Solutions" catalogue.
- Coordinated the Information and Communications Technology Forum, Alberta Week - Alberta at the Smithsonian Folklife Festival, which highlighted nine Alberta companies providing diagnostic sensing and surveillance technologies to allow remote monitoring of people, assets or situations.
- Participated in the second workshop on Sensor Networks with the University of Alberta, University of Calgary, and China's Harbin Institute of Technology, focusing on potential areas of collaboration in sensor technology applications.
- Sponsored a technology showcase at the 33rd meeting of the Asia Pacific Cooperation Telecommunications and Information Working Group, to position Calgary, Alberta and Canada as international trade, technology and policy leaders in both the information and communications technology industry and the Asia Pacific Region.
- Initiated and facilitated with the National Institute for Nanotechnology, the attraction of the Xerox Research Centre of Canada. Referred to as "XRCC West", this centre will engage in a series of research and development projects to create new technology, exploiting nano-scale behaviour.
- Established two new iCORE Chairs in Alberta, an iCORE Chair in Information Security and an iCORE/SMART Technologies Industry Chair in Interactive Technologies Research. These two new chairs significantly enhance the capacity of the research system in Alberta and expand the iCORE Academy to a total of 11 Industry Chairs and 15 Research Chairs.

Goal 7 *Accelerate Innovation in the Life Sciences Sector*

- Invested $7.8 million in the Alberta Agricultural Research Institute's three strategic theme areas: bioproducts, sustainable production, and health and nutrition.
- Invested $6.6 million in the Alberta Forestry Research Institute's strategic theme areas of: sustainable forest management, new products and processes, and value chain improvement, including $4.3 million in mountain pine beetle research.
- Invested $8.8 million in the Alberta Life Sciences Institute's four strategic themes: bioproducts innovation, health innovation, resource management innovation and building the base, including a $5.0 million investment in water research.
- Participated in the Agricultural Biotechnology International Conference 2006, with leading international researchers in the agricultural biotechnology sector and industry partners and investors, focusing on both the innovation and the commercialization of agriculture biotechnology.
- Contributed to the development of the Biotech Business Development Centre, a multi-tenant facility designed to help growing companies in the early stages of development access subsidized flexible lab space for the development of biotechnology products and services to unleash their innovative and commercial potential.
- Promoted Alberta biotechnology industries to international audiences at the BIO 2006 conference, showcasing innovation from companies and government agencies including therapeutic drugs for cancer, hepatitis and multiple sclerosis; regenerative medicine; plant-made pharmaceuticals; and contract research and bio-manufacturing.
- The Alberta Research Council has significantly improved the recovery of heavy oils through advancements in polymer flooding, which moves oil more effectively into production wells and can increase recovery of heavy oils by another 10%.
- The Alberta Research Council, together with its partner Golder Associates, developed MapNow, a new software tool that aids in decision making related to land-use management by creating spatial maps of various potential landscape changes resulting from all types of human land use.
- The Alberta Research Council continues to position the province to take an active role in developing the bio-economy by working on many fronts, from feedstock to processing to end-product, in order to build the science and technology base for a biocomposites industry in Alberta.

Results Analysis

Audited Information

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures

Financial Highlights

Operational Highlights

Core Business 1 - A Learning Alberta

Goal 1 - Quality Advanced Learning Opportunities

Goal 2 - Adult Learners Participate in Advanced Education

Core Business 2 - Innovation

Goal 3 - Implement Innovation

Goal 4 - Build Research Capacity in Areas of Strategic Priority

Goal 5 - Accelerate Innovation in the Energy Sector

Goal 6 - Accelerate Innovation in the Information and Communications Technology Sector

Goal 7 - Accelerate Innovation in the Life Sciences Sector

AUDITOR GENERAL *Alberta*

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures

To the Members of the Legislative Assembly

Management is responsible for the integrity and objectivity of the performance results included in the Ministry of Advanced Education and Technology's 2006–07 Annual Report. My responsibility is to carry out the following specified auditing procedures on performance measures in the annual report. I verified:

Completeness

1. Performance measures and targets matched those included in Budget 2006. Actual results are presented for all performance measures.

Reliability

2. Information in reports from external organizations, such as Statistics Canada, matched information that the Ministry used to calculate the actual results.
3. Information in reports that originated in the Ministry matched information that the Ministry used to calculate the actual results. In addition, I tested the processes the Ministry used to compile the results.

Comparability and Understandability

4. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as targets and prior years' information.

I found no exceptions when I performed these procedures.

As my examination was limited to these procedures, I do not express an opinion on whether the set of measures is relevant and sufficient to assess the performance of the Ministry in achieving its goals.

original signed by

Fred J. Dunn, FCA
Auditor General

Edmonton, Alberta
August 8, 2007

Financial Highlights

Expenses

(in thousands)	2007 Budget	2007 Actual	2006 Actual
Core Business			
A Learning Alberta	$ 2,200,994	$ 2,314,104	$ 1,827,575
Innovation	182,855	194,475	198,715
	$ 2,383,849	$ 2,508,579	$ 2,026,290

Expenses were $125 million more than originally budgeted, primarily due to the approval of additional operational and infrastructure funding for the province's public post-secondary institutions. Expenses were $482 million higher than the prior year, primarily due to increases in operational and infrastructure funding for public post-secondary institutions, as well as the payment of the first grants from the Access to the Future Fund. Detailed information on grants provided to Alberta's public post-secondary institutions can be found in Schedule 4 of the Ministry Financial Statements on page 59.

All expenses for the A Learning Alberta core business are in support of the Government of Alberta's "Education" function. All expenses for the Innovation core business are in support of the "Agriculture, Research Management and Economic Development" function.

Revenue

(in thousands)	2007 Budget	2007 Actual	2006 Actual
Transfers from Government of Canada	$ 254,147	$ 227,565	$ 214,054
Internal Government Transfers	163,159	168,438	131,338
Other Revenue	58,693	65,853	53,331
Sub-Total	475,999	461,856	398,723
Increase in Equity in Public Post-Secondary Institutions	—	372,206	289,959
	$ 475,999	$ 834,062	$ 688,682

A discussion of the main sources of revenue is below. Additional detail on the Ministry's revenues can be found in Schedule 1 of the Ministry Financial Statements on page 56.

Transfers from Government of Canada include $175 million for Canada Social Transfers (CST). CST is calculated throughout the year, after budget estimates are made, and is based on a tax-points system that adjusts payments based on the province's tax base. In addition to CST, the Ministry received a payment from the new federal Post-Secondary Infrastructure Trust of $51 million for capital grants to public post-secondary institutions.

Internal Government Transfers includes $104 million from the Lottery Fund for various Ministry programs and $25 million from the Alberta Heritage Scholarship Fund for Heritage Scholarships. It also includes a $40 million transfer from the Advanced Education Endowment to support the Access to the Future Fund.

Other Revenue includes $45 million for contract research revenues at the Alberta Research Council (ARC), $8 million for interest on student loans issued and $7 million related to apprenticeship marketing activities.

As per the government's accounting and reporting policies, the change in equity in public post-secondary institutions is reported in the Ministry financial statements. The change in equity reflects the cumulative effect of the institutions' financial transactions. The budget process does not include the institutions and no budget was set for their change in equity.

Operational Highlights

Core Business 1 — *A Learning Alberta*

Expenses

In 2006-07, the Ministry provided $2.3 billion in support of the A Learning Alberta core business, in the following areas:

Quality Advanced Learning Opportunities

- $1.4 billion in base operating grants to the 21 public post-secondary institutions and seven private, not-for-profit colleges to support instruction and operating costs.
- $395 million for post-secondary facilities infrastructure.
- $213 million for spaces in programs (including apprenticeship training) that are institution priorities and have high learner and labour market demand.
- $42 million in matching grants paid from the Access to the Future Fund.
- $24 million in departmental support to the Apprenticeship and Industry Training system.
- $20 million in support of community based adult learning programs including literacy and inmate programs.
- $50 million for other support including:
  - Grants to support strategic initiatives at post-secondary institutions (e.g. China Institute at the University of Alberta).
  - Grants to encourage and reward excellence and improve performance at post-secondary institutions.
  - Funding for institutions' technology requirements (e.g. high speed internet access, Microsoft licenses).

Total funding to support the advanced learning system increased by $510 million from 2005-06, primarily in the areas of operating grants and infrastructure.

Learners Participate in Advanced Education

- $50 million in scholarships, including Heritage and Achievement Scholarships.
- $22 million in bursaries, including the Alberta Opportunities and Rural Incentive bursaries.
- $31 million in projected loan relief and expenses related to future defaults on student loans.
- $15 million in other support to learners including almost $8 million in Alberta Centennial Education Savings Plan grants and $7 million to improve loan systems.

Core Business 1 *A Learning Alberta*

Goal 1 **Quality Advanced Learning Opportunities**

Strategies

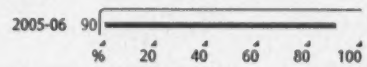
In support of Goal 1, Advanced Education and Technology adopted the following strategies:

- Implement an overall advanced learning policy framework to guide strategic direction of the advanced learning system. To facilitate this, the Ministry will align the organizational structure, as well as measures of performance, so they support the objectives of the *A Learning Alberta* review.
- Implement the accessibility, affordability and quality requirements of the *Access to the Future Act*.
- Support the development of a post-secondary application process and complete the development of the website providing access to information and application processes for scholarships, to enable learners to better access learning opportunities.
- Implement responsive mechanisms that support investment in the advanced learning system.
- Develop a long-term capital plan to address the infrastructure needed to support quality learning opportunities in Alberta's public post-secondary institutions.
- Encourage increased industry participation and investment in the apprenticeship and industry training system in collaboration with the Alberta Apprenticeship and Industry Training Board, employers and stakeholders.
- Further develop Alberta's unique cooperative arrangements and strengthen Alberta' leadership in pan-Canadian initiatives through the Council of Ministers of Education, Canada; Canadian apprenticeship councils; and others.
- Co-champion the *Building and Educating Tomorrow's Workforce* Top Priority and support other government top priorities.
- Enhance Alberta's capacity for innovation, knowledge creation and knowledge transfer in collaboration with post-secondary institutions and other stakeholders.
- Implement an international education action plan to position the international education sector competitively and to facilitate the internationalization of the post-secondary system.
- Support the implementation of Alberta's policy framework on immigration to Alberta by working with partners and stakeholders to increase opportunities for English as a Second Language, improve ways for international students to access Alberta's labour market and enhance foreign credential recognition.

Outcome ***Alberta's quality advanced learning system meets the needs of learners, society and the economy***

Performance Measure

Satisfaction of Recent Post-Secondary Graduates with the Overall Quality of their Education



Source: Alberta Advanced Education and Technology

Satisfaction of Recent Post-Secondary Graduates with the Overall Quality of their Education

Satisfaction of recent post-secondary graduates is measured through a biennial survey, conducted two years after graduation. The last survey was conducted in 2005-06.

- There was a significant change in methodology for this measure. Because of this, no target was set for 2005-06.
- A large majority (90%) of 2003-04 graduates surveyed in 2005-06 were satisfied with the overall quality of their post-secondary education.
- Results were strong in each sector as well, ranging from 90% for the universities and technical institutes to 94% for the private university colleges.

Notes

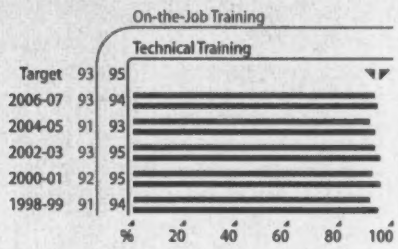
- See Endnote A (p. 150) re surveys conducted by an external contractor.
- See Endnote B (p. 151) re the use of confidence intervals to interpret results.
- Targets have been set in the 2007-10 Business Plan.

Goal 1 *Quality Advanced Learning Opportunities*

Performance Measure

Satisfaction of Recent Apprenticeship Graduates with On-the-Job Training

Satisfaction of Recent Apprenticeship Graduates with Technical Training



Source: Alberta Advanced Education and Technology

Satisfaction of Recent Apprenticeship Graduates

Satisfaction of apprenticeship graduates is measured through a biennial survey. Apprenticeship graduates are surveyed approximately 8 to 20 months after graduation. The targets for both measures were met.

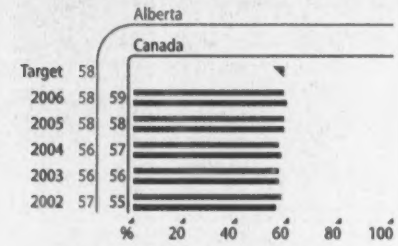
- A very high percentage of recent apprenticeship graduates continue to be satisfied with the quality of their on-the-job (93%) and technical training (94%).
- 2006-07 satisfaction with on-the-job training experienced a statistically significant increase.

Notes

- See Endnote A (p. 150) re surveys conducted by an external contractor.
- See Endnote B (p. 151) re the use of confidence intervals to interpret survey results.
- A target is considered met if the result is within 5% of the target.

Performance Measure

Educational Attainment of Albertans aged 25-64: Proportion having Completed Post-Secondary Education



Source: Statistics Canada, Labour Force Survey, special tabulation for Alberta Advanced Education and Technology

Educational Attainment of Albertans aged 25-64

The Ministry recognizes the positive social and economic benefits of post-secondary education. Post-secondary completion rates of Albertans aged 25-64 measures the highly qualified citizenry in Alberta.

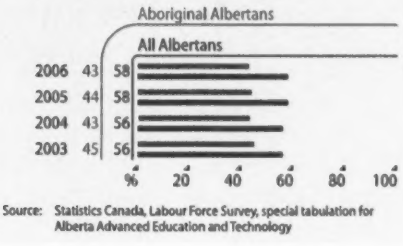
- In 2006, the post-secondary completion rate of Albertans aged 25-64 was 58%, meeting the target.
- Alberta is on par with the Canadian average, however, the number of Canadians completing post-secondary education is increasing at a faster rate.
- Albertans between the ages of 25-64 have the highest employment rate in Canada. Alberta's strong economy, with ample employment opportunities, may affect post-secondary completion rates.

Notes

- See Endnote C (p. 152) re Statistics Canada's Labour Force Survey.
- In previous annual reports this measure was reported for Albertans aged 25-34. The age range was expanded to 25-64 in the 2005-08 Business Plan to better reflect the Ministry's focus on lifelong learning.

Performance Measure

Aboriginal Albertans aged 25-64 who have Completed Post-Secondary Programs



Source: Statistics Canada, Labour Force Survey, special tabulation for Alberta Advanced Education and Technology

Educational Attainment of Aboriginal Albertans aged 25-64

This is a new measure included in the 2006-09 Business Plan. No targets have been set for this measure.

- The post-secondary completion rate for Aboriginal Albertans aged 25-64 has remained relatively stable. The slight decrease is not statistically significant due to the high variation in the number of respondents.
- The percentage of Aboriginal Albertans aged 25-64 who report post-secondary completion is considerably lower than for the population as a whole. The completion rate for all Albertans aged 25-64 was 58% in 2006.
- The *A Learning Alberta* final report provided recommendations for policy actions to increase participation in learning opportunities by Aboriginal groups. In response, government has developed several initiatives supporting Aboriginal participation in post-secondary education.
- Government and the Alberta Apprenticeship and Industry Training Board worked with employers, Aboriginal communities and Aboriginal youth to encourage participation in trades-related careers.

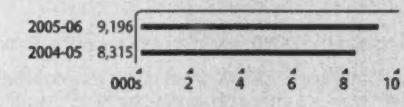
Notes

- See Endnote C (p. 152) re Statistics Canada's Labour Force Survey.
- Targets have been set in the 2007-10 Business Plan.

Goal 1 — Quality Advanced Learning Opportunities

Performance Measure

International Visa Students Registered at Alberta Post-Secondary Institutions



Source: Alberta Advanced Education and Technology

International Visa Students

This is a new measure in the 2007-10 Business Plan. No targets have been set.

- The number of international learners in Alberta has increased. In 2005-06, 881 more international visa students attended publicly funded post-secondary institutions.
- The growing number of international learners is an indicator of an increase in global recognition of Alberta's quality advanced education system.

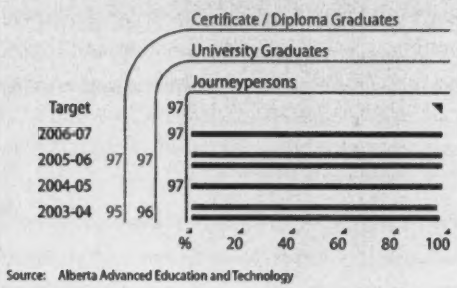
Notes

- Targets have been set in the 2007-10 Business Plan.
- See Endnote D (p. 152) re Learner Enrollment Reporting System.
- See Endnote E (p. 152) re international visa students registered at post-secondary institutions.

Outcome — Albertans are well prepared for employment and citizenship

Performance Measure

Percentage of Advanced Education Graduates Employed: Post-Secondary Certificate or Diploma, University Degree and Apprenticeship Certificate



Source: Alberta Advanced Education and Technology

Employment Rates of Advanced Education Graduates

Employment rates of system graduates provide a measure of advanced learning system outcomes. These rates are measured through biennial surveys.

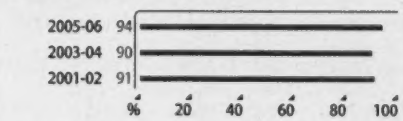
- In 2006-07, the employment rate of journeypersons was 97%, meeting the target. The employment rates of university and certificate/diploma graduates were last measured in 2005-06; both had employment rates of 97%.
- High employment rates of recent graduates are indicative of the high quality graduates exiting the system. The results can also be attributed to the high demand for qualified workers, as Alberta faces shortages in many key industries.

Notes

- The next university, certificate and diploma graduate survey will be conducted in 2007-08; the next apprenticeship graduate survey will be conducted in 2008-09.
- See Endnote A (p. 150) re surveys conducted by an external contractor.
- See Endnote B (p. 151) re the use of confidence intervals to interpret results.

Performance Measure

Employer Satisfaction with the Skills and Quality of Work of Recent Advanced Education System Graduates



Source: Alberta Advanced Education and Technology

Employer Satisfaction

Employers were asked about their level of satisfaction with post-secondary graduates.

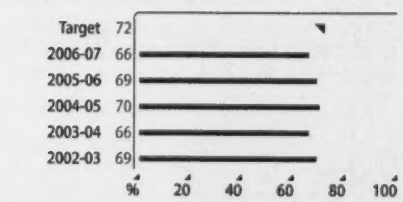
- Satisfaction levels have been consistently high, and the target was met. In 2005-06, 94% of employers were satisfied with the skills and quality of work of advanced education system graduates.

Notes

- This measure has been revised in the 2006-09 Business Plan to only capture employer satisfaction of advanced learning system graduates; high school graduates are not included.
- The survey is biennial; the next survey will be conducted in 2007-08.
- See Endnote A (p. 150) re surveys conducted by an external contractor.
- See Endnote B (p. 151) re the use of confidence intervals to interpret results over time.

Performance Measure

Public Satisfaction that Learners are Well Prepared for Citizenship



Source: Alberta Advanced Education and Technology

Preparation for Citizenship

- In 2006-07 the majority of Albertans (66%) were satisfied that adult learners are well prepared for citizenship.
- Public satisfaction has remained relatively stable, experiencing a slight decrease in 2003-04 and 2006-07.

Notes

- 66% of respondents were satisfied that adults taking education or training are being well prepared for citizenship, 9% indicated they were dissatisfied, and 25% answered don't know/not applicable or did not answer the question.
- See Endnote A (p. 150) re surveys conducted by an external contractor.
- See Endnote B (p. 151) re the use of confidence intervals to interpret results.

Goal 1 — Quality Advanced Learning Opportunities

Results at a Glance

Outcomes / Performance Measures		Previous Years' Results			Current Results	2006-07 Targets
Alberta's quality advanced learning system meets the needs of learners, society and the economy						
Satisfaction of recent post-secondary graduates with the overall quality of their education		—	—	—	90% 2005-06	—
Satisfaction of recent apprenticeship graduates with	On-the-job training	92% 2000-01	93% 2002-03	91% 2004-05	93% 2006-07	93%
	Technical training	95% 2000-01	95% 2002-03	93% 2004-05	94% 2006-07	95%
Educational attainment of Albertans aged 25-64 - post-secondary completion		56% 2003	56% 2004	58% 2005	58% 2006	58%
Aboriginal Albertans aged 25-64 who have completed post-secondary education		45% 2003	43% 2004	44% 2005	43% 2006	—
International visa students registered at Alberta post-secondary institutions		—	—	8,315 2004-05	9,196 2005-06	—
Albertans are well prepared for employment and citizenship						
Percentage of advanced education graduates employed	Post-secondary certificate or diploma graduates	—	95% 2003-04	97% 2005-06	—	—
	University graduates	—	96% 2003-04	97% 2005-06	—	—
	Journeypersons	—	—	97% 2004-05	97% 2006-07	97%
Employer satisfaction with the skills and quality of work of recent advanced education system graduates		—	91% 2001-02	90% 2003-04	94% 2005-06	—
Public satisfaction that learners are well prepared for citizenship		66% 2003-04	70% 2004-05	69% 2005-06	66% 2006-07	72%

Discussion of Results

Goal 1 focused on increasing access to quality advanced learning opportunities for all Albertans. Government strongly supported this goal and advanced education remained a high priority during this reporting year. This commitment was evident in the 31% increase in expenses in 2006-07, including increases in funding for spaces and capital infrastructure, and strategic investments such as the $42.5 million invested through the Access to the Future Fund to improve access and quality in the advanced learning system.

New investments made during 2006-07 allowed post-secondary institutions to provide new spaces in college, technical institute, university and apprenticeship programs. New degree programs were approved at Alberta's public colleges, university colleges and universities and new private institutions were licensed to further increase access and capacity in the system. Community Adult Learning Councils offered nearly 5,000 learning opportunities, resulting in approximately 65,000 registrations in courses such as adult basic literacy and English as a second language.

With respect to quality of advanced learning opportunities, the results achieved were strong with 90% of recent post-secondary institution graduates being satisfied with their post-secondary education, and more than 90% of apprenticeship graduates being satisfied with their technical training or on-the-job training. 97% of graduates were employed shortly after graduation. Post-secondary institutions and the Alberta Apprenticeship and Industry Training Board along with its committees are significant contributors to these strong results.

The quality of Alberta's advanced learning system was also evident in employer satisfaction rates with 94% of employers indicating they were satisfied with the skills and quality of work of recent graduates.

To build on these strong results and on the strengths of the system, the *A Learning Alberta* final report identified long-range policy recommendations for Alberta's advanced learning system. In response, the Ministry initiated the development of a roles and mandates framework for the publicly funded post-secondary system and launched *Vibrant Learning Communities*, a comprehensive review of community adult learning programs in Alberta.

Alberta's strong economic growth was a significant external factor again in 2006-07, as it created a high demand for skilled graduates. Advanced Education and Technology played a role in responding to this challenge by funding additional training spaces. Industry also plays a key role in training apprentices.

Core Business 1 — *A Learning Alberta*

Goal 2 — **Adult Learners Participate in Advanced Education**

Strategies

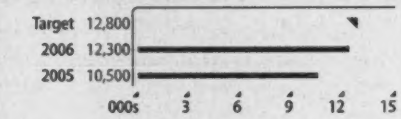
In support of Goal 2, Advanced Education and Technology adopted the following strategies:

- Conduct a study to analyze the impact of the affordability of advanced education and access to advanced learning opportunities.
- Develop strategies to increase participation in learning opportunities by Aboriginal, immigrant, and other underrepresented groups.
- Review affordability and improve the design and delivery of student financial assistance to continue to ensure that financial need is not a barrier to participation in advanced learning opportunities.
- Enhance the knowledge and awareness of parents and learners about planning and saving for post-secondary studies.
- Improve learning access for Albertans by enhancing transitions into and within the advanced learning system.
- Provide opportunities in local communities for adults including Aboriginal, immigrant, youth, and other underrepresented groups to return to learning to meet their personal learning and employment goals.
- Develop innovative approaches to improve participation and achievement in apprenticeship and industry training, in response to industry needs.

Outcome — ***Adult Albertans participate in learning***

Performance Measure

Increase in Participation of Albertans aged 18-64 in Learning Opportunities (base year 2004)



Source: Statistics Canada, Labour Force Survey, special tabulation for Alberta Advanced Education and Technology

Increased Participation in Learning Opportunities

The increase in participation by Albertans in learning opportunities is a reflection of the system's ability to attract new learners.

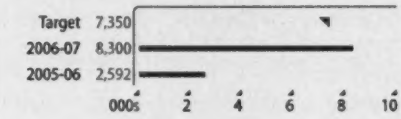
- In 2006, 12,300 more Albertans reported participating in learning opportunities, compared to the base year (2004). The target was met, since the result is within 5% of the target.
- Learning opportunities encompassed by this measure include attendance at a college, university or technical institutes, as well as private vocational schools and community based learning.

Notes

- See Endnote C (p. 152) re information on Statistics Canada's Labour Force Survey.

Performance Measure

Increase in Full-Load Equivalent Student Spaces



Source: Alberta Advanced Education and Technology

Increase in Full-Load Equivalent Student Spaces

The increase in full-load equivalent spaces is a measure of increased capacity of the advanced learning system.

- In 2006-07, 8,300 more learning spaces were funded compared to the number of spaces funded in the base year. The target was met.
- The Ministry increased the number of apprenticeship full-load equivalent seats by 2,405 and certificate, diploma and degree programs were increased by 5,895 full-load equivalent spaces in 2006-07.

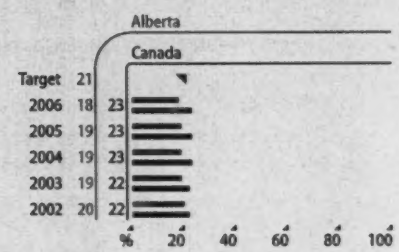
Notes

- A full-load equivalent space represents one learner taking a full-load for a standard year of study. Since students can attend training for varying lengths of time depending on program choice, the full load equivalent measure of spaces allows for comparisons across program types.
- The 2005-06 increase in full-load equivalent student spaces has been restated from the number reported in the 2006-09 Business Plan.
- See Endnote F (p. 152) re increase in full-load equivalent student spaces.

Goal 2 — Adult Learners Participate in Advanced Education

Performance Measure

Participation in Post-Secondary Education, Albertans aged 18-34



Source: Alberta Advanced Education and Technology

Participation in Post-Secondary Education

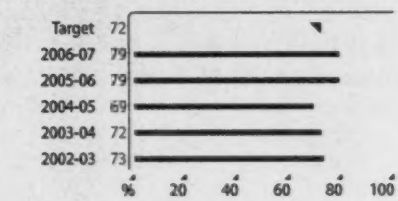
- 18% of 18-34 year olds in Alberta were participating in post-secondary education in 2006.
- Canadians aged 18-34 are increasing their participation in post-secondary education whereas the participation of 18-34 year olds in Alberta has declined since 2002. Enticing labour market opportunities in Alberta may be causing learners to delay participation in the advanced learning system.
- In previous years, this measure targeted 18-24 year olds, however, with the diversification of learners, the 18-34 year olds age grouping better captures Albertans who are participating in post-secondary education.
- Several raising-awareness initiatives are in place to inform primary and secondary students of post-secondary learning opportunities.

Notes

- See Endnote C (p. 152) re Statistics Canada's Labour Force Survey.

Performance Measure

Public Satisfaction that Adult Albertans are Able to Access the Education or Training they Want



Source: Alberta Advanced Education and Technology

Access to Education or Training

Public satisfaction that adult Albertans are able to access the education or training they want is a measure of the accessibility and availability of advanced learning opportunities.

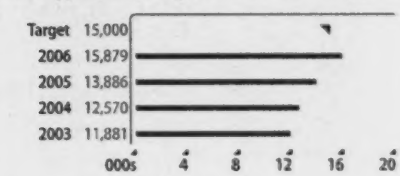
- In 2006-07, 79% of the public were satisfied that adult Albertans are able to access the education or training they want. The target was met.
- The increased public satisfaction with access to education and training can be explained in part by the release of the *Affordability Framework*, including a new tuition fee policy, accompanied by strategies to increase participation of underrepresented groups. There is continued effort and strategies in place to increase participation in the trades.

Notes

- See Endnote A (p. 150) re surveys conducted by an external contractor.

Performance Measure

New Apprentices Registered *(5-Year Average)*



Source: Alberta Advanced Education and Technology

New Apprentices Registered

New apprentices registered is a key indicator of the success in attracting new entrants into the trades.

- Due to the strong demand for skilled journeypersons, employers have been signing up record numbers of apprentices for training in recent years.
- In 2006, the five-year average of apprentice registrations grew to 15,879, surpassing the target.

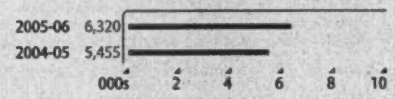
Notes

- Five-year averages are used for this measure to smooth out swings resulting from changes in the level of economics activity.
- See Endnote G (p. 153) re new apprentices registered.

Goal 2 *Adult Learners Participate in Advanced Education*

Performance Measure

Aboriginal Albertans Participating at Alberta Post-Secondary Institutions



Source: Alberta Advanced Education and Technology

Participation of Aboriginal Albertans in Post-Secondary Education

Aboriginal Albertans participating at publicly funded post-secondary institutions is a new measure being foreshadowed in the 2007-10 Business Plan. Targets will be set in the 2008-11 Business Plan, once three years worth of data are available.

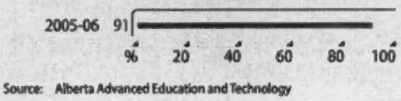
- ▶ This measure is an indicator of the province's ability to attract Aboriginal learners into the post-secondary system.

Notes

- The number of Aboriginal Albertans participating in publicly funded post-secondary education has been restated from the number reported in the 2007-10 Business Plan (6,386 in 2004-05), to show only Aboriginal learners from Alberta.
- Aboriginal status is self-reported by individuals and therefore the data may under represent the true number of Aboriginal learners in the post-secondary system.
- See Endnote I (p. 153) re post-secondary participation of Aboriginal Albertans.

Performance Measure

Post-Secondary Graduates with Prior Learning who Reported that they had Received the Transfer Credit they Expected



Source: Alberta Advanced Education and Technology

Transfer Credit

The percentage of post-secondary graduates with prior learning who reported that they had received the transfer credit they expected is a new measure in the 2007-10 Business Plan. No targets have been set.

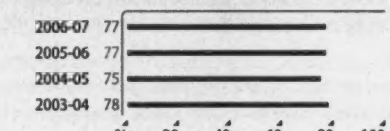
- ▶ This measure is an indicator of the flexibility of the system to accommodate learner needs.

Notes

- Targets have been set in the 2007-10 Business Plan.
- Biennial survey, next conducted in 2007-08.
- See Endnote A (p. 150) re surveys conducted by an external contractor.
- See Endnote J (p. 153) re graduates with prior learning who received the transfer credit they expected.

Performance Measure

Public Agreement that Programs, Classes or Courses are Offered in Locations (including online) that are Easily Accessible



Source: Alberta Advanced Education and Technology

Accessibility of Advanced Learning System Programs, Classes and Courses

Public agreement that programs, classes or courses are offered in locations (including online) that are easily accessible is a new measure in the 2007-10 Business Plan. No target was set.

- ▶ The Ministry supports and implements initiatives directed to increasing accessibility through the number of available seats, by providing learning opportunities in many communities and by promoting distance learning.

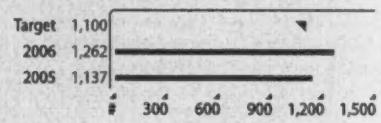
Notes

- Targets have been set in the 2007-10 Business Plan.
- See Endnote A (p. 150) re surveys conducted by an external contractor.
- See Endnote L (p. 154) re public agreement that post-secondary education is accessible.

Goal 2 *Adult Learners Participate in Advanced Education*

Performance Measure

Participation of Aboriginal Albertans in Apprenticeship



Source: Alberta Advanced Education and Technology

Participation of Aboriginal Albertans in Apprenticeship

Aboriginal Albertans are important to Alberta's economy, adding to the supply of skilled and knowledgeable workers.

- In 2006, the number of Aboriginal Albertans participating in apprenticeship was 1,262. The target was met.
- The increase in Aboriginal apprentices is a reflection of the system's ability to attract learners, and the high demand for skilled workers as a result of Alberta's strong economy.
- Government and Apprenticeship and Industry Training have been working with Aboriginal communities, institutions, industry and the secondary school system to support and encourage increased participation of Aboriginal persons in the trades.

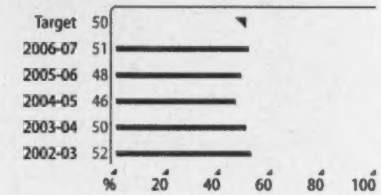
Notes

- Totals include Aboriginal apprentices registered in Alberta's apprenticeship and industry training system but who reside in other Canadian jurisdictions. These individuals participate in technical training in Alberta but are issued certificates in their home jurisdiction. In 2006 there were 3 Aboriginal apprentices registered who were planning to take their examinations outside Alberta; in 2005 there were none.
- Aboriginal status is based on self-disclosure and may under represent the actual number of Aboriginal persons participating in the program.
- See Endnote H (p. 153) re participation of Aboriginals in apprenticeship.

Outcome *Alberta's advanced learning system is affordable to learners*

Performance Measure

Public Agreement that the Learning System is within the Means of Most Albertans



Source: Alberta Advanced Education and Technology

Affordability of the Learning System

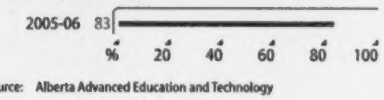
- In 2006-07, half of Albertans surveyed agreed that the learning system is within the means of most Albertans. The target was met.
- Satisfaction with the affordability of the education system is increasing. This may be due to the *Affordability Framework* and the new tuition fee policy which was implemented to reduce the financial barriers affecting participation.

Notes

- See Endnote A (p. 150) re surveys conducted by an external contractor.

Performance Measure

Proportion of Graduates who Agree that the Program they Graduated from was Worth the Financial Cost



Source: Alberta Advanced Education and Technology

Affordability of the Advanced Learning System

The percentage of graduates who agree that the program they graduated from was worth the financial cost is a new measure in the 2007-10 Business Plan. No target was set.

- Graduates' agreement that their program was worth the financial cost is an indicator of the graduates' satisfaction with the affordability and quality of the post-secondary education system.

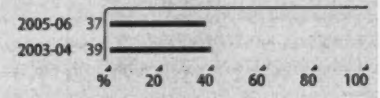
Notes

- Targets have been established in the 2007-10 Business Plan.
- Biennial survey, next conducted in 2007-08.
- See Endnote A (p. 150) re surveys conducted by an external contractor.
- See Endnote K (p. 154) re graduates' agreement that their program was worth the financial cost.

Goal 2 *Adult Learners Participate in Advanced Education*

Performance Measure

Ratio of Total Debt at Graduation to Income Two Years after Graduation



Source: Alberta Advanced Education and Technology

Ratio of Debt to Income

The ratio of total debt at graduation to income two years after graduation is a new measure in the 2007-10 Business Plan. For this measure, a lower percentage indicates success in meeting the desired outcome of less debt to income for learners upon exiting the system. No targets were set.

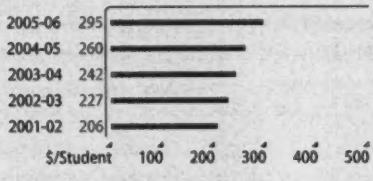
- The ratio of debt at graduation to income two years after graduation is a measure of the ability of learners to repay debts incurred based on income earned after graduation.

Notes

- Targets have been set in the 2007-10 Business Plan.
- Biennial survey, next conducted in 2007-08.
- See Endnote A (p. 150) re surveys conducted by an external contractor.
- See Endnote M (p. 154) re ratio of debt at graduation to income two years after.

Performance Measure

Scholarship Dollars per Full-time Student Studying in Alberta



Source: Alberta Advanced Education and Technology

Scholarship Dollars per Full-Time Student

The amount of scholarship dollars per full-time learner studying in Alberta is a new measure in the 2007-10 Business Plan. No targets were set.

- Scholarships are used as a mechanism to reward excellence and recognize achievement that occurs throughout the learning process. Increases in post-secondary scholarship funding over time attests to the Ministry's commitment to quality, innovation and excellence in the advanced learning system.

Notes

- Targets have been set in the 2007-10 Business Plan.
- See Endnote D (p. 152) re Learner Enrollment Recording System (LERS).
- See Endnote N (p. 154) re ratio of scholarship dollars to full-time students.

Goal 2 — Adult Learners Participate in Advanced Education

Results at a Glance

Outcomes / Performance Measures	Previous Years' Results			Current Results	2006-07 Targets
Adult Albertans participate in learning					
Increase in participation by Albertans aged 18-64 in learning opportunities (base year 2004)	—	—	10,500 2005	12,300 2006	12,800
Increase in full-load equivalent student spaces	—	—	2,592 2005-06	8,300 2006-07	7,350
Participation rate in post-secondary education - Albertans aged 18-34	19% 2003	19% 2004	19% 2005	18% 2006	21%
Public satisfaction that adult Albertans can access education or training	72% 2003-04	69% 2004-05	79% 2005-06	79% 2006-07	72%
New apprentices registered (five-year average)	11,881 2003	12,570 2004	13,886 2005	15,879 2006	15,000
Aboriginal Albertans participating at post-secondary institutions	—	—	5,455 2004-05	6,320 2005-06	—
Percentage of post-secondary graduates with prior learning who reported that they had received the transfer credit they expected	—	—	—	91% 2005-06	—
Public agreement that programs, classes and courses are offered in locations (including online) that are easily accessible	78% 2003-04	75% 2004-05	77% 2005-06	77% 2006-07	—
Participation of Aboriginal Albertans in apprenticeship	—	—	1,137 2005	1,262 2006	1,100
Alberta's advanced learning system is affordable to learners					
Public agreement that the learning system is within the means of most Albertans	50% 2003-04	46% 2004-05	48% 2005-06	51% 2006-07	50%
Proportion of graduates who agree that the program they graduated from was worth the financial cost	—	—	—	83% 2005-06	—
Ratio of total debt at graduation to income two years after graduation	—	—	39% 2003-04	37% 2005-06	—
Scholarship dollars per full-time student studying in Alberta	227 2002-03	242 2003-04	260 2004-05	295 2005-06	—

Discussion of Results

Goal 2 focused on increasing participation in the advanced learning system. A key aspect of enhancing participation is maintaining an affordable advanced learning system. During the reporting year the Ministry implemented components of the *Affordability Framework* which aims to remove financial barriers and ensure students are appropriately supported throughout the learning process. This included the establishment of a new tuition fee policy and implementation of changes to student financial assistance programs.

Satisfaction with the affordability of the learning system is increasing, with half of Albertans agreeing that the learning system is within the means of most Albertans. This positive result may be attributed to the *Affordability Framework* and the Ministry's commitment towards ensuring an affordable advanced learning system. In keeping with this, the Ministry provided a record number of scholarships to more than 30,000 Alberta students totaling almost $50 million.

Public satisfaction that adult Albertans are able to access the education or training they want remained high in 2006-07 at 79% since its significant increase from 69% in 2004-05.

Because of the strong economy and enticing labour market opportunities, increasing participation in post-secondary education continues to be a significant challenge. In response, the Ministry developed several initiatives to inform Albertans about advanced learning opportunities and the return on investment associated with post-secondary completion.

Core Business 2

Innovation

Expenses

In 2006-07, the Ministry provided $194 million in support of the Innovation core business, in the following areas:

Implement Innovation

- $9.9 million was provided to fund 37 technology commercialization projects.
- $7.6 million was provided to fund 11 projects under the Innovation and Service Excellence program.
- $71 million in expenses by Alberta Research Council Inc., including $44.4 million for contract research and development services funded by the private sector and other external customers.

Build Research Capacity in Areas of Strategic Priority

- $26 million was provided through research capacity programming to support science and research initiatives of strategic importance to Alberta including:
  - $6.9 million for the Alberta Institute for Viral Immunology.
  - $4.1 million for the creation of Alberta Transplant Applied Genomics Canada.
  - $2.5 million to the Alberta Centre for Advanced Micro and Nanotechnology Products to establish an innovation centre for the commercialization of Micro Nanotechnology products.
- $2.8 million was provided to the Science Alberta Foundation to enhance science literacy awareness programs.

Accelerate Innovation in the Energy Sector

- $14.5 million was provided to support a project to gasify municipal solid waste. By doing this, the landfill size will be reduced, resulting in a reduction of emissions from the landfill, and the waste will be turned into electricity.
- $9.2 million was provided for clean coal projects centered on the key platform technology of gasification and CO2 capture and storage.

Accelerate Innovation in the Information and Communications Technology Sector

- $9.5 million was provided by iCORE for research grants such as chair and professor establishment grants, industrial chair establishment grants, visiting professor grants, recruitment grants, graduate and student scholarships, and outreach activities including lecture series, workshops and conferences.
- $2.25 million was provided to TRLabs. TRLabs connects the knowledge and technologies at universities with the innovative needs of industry and trains students to enhance ICT expertise and improve Canada's global competitiveness.
- $1.25 million to establish Alberta Cyberinfrastructure for Innovation, an organization that will lead provincial efforts in cyberinfrastructure (CI). CI involves the coordinated and integrated use of "shared" high performance computers, advanced high speed data networks, visualization tools, data storage facilities, computer software, remote sensors and advanced collaboration facilities shared by numerous users in many locations.

Accelerate Innovation in the Life Sciences Sector

- $5 million was directed to research to advance the goals of the Water for Life Strategy: safe drinking water, efficient water use and healthy aquatic ecosystems.
- $4.3 million for research and development related to the mountain pine beetle infestations.
- $3 million to fund the Mental Health research chairs to attract international experts and expand mental health research in the province.
- $3 million to support the triticale biorefining initiative that will create an industrial crop for Alberta and western Canada suited for bioenergy, fibres and materials as well as engineering for biopolymers and plastics.

Core Business 2 *Innovation*

Goal 3 **Implement Innovation**

Strategies

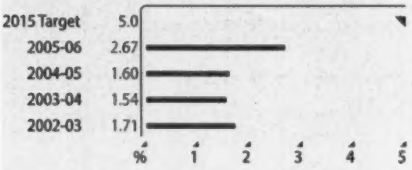
In support of Goal 3, Advanced Education and Technology adopted the following strategies:

- Work with partners to support the implementation of the Accelerating Innovation in Alberta strategy.
- Work with Finance and Economic Development to enhance the competitiveness of Alberta's business environment with respect to encouraging technology commercialization and adoption.
- Work with ministries, industry and research institutions to identify and market business opportunities, attract and encourage seed venture funding from industrial partners, and promote the Alberta Advantage in priority areas.
- Work with partners to encourage expatriates and skilled workers to locate in Alberta.
- Reinforce the need for innovation within the Government of Alberta and provide essential funding support for projects that meet the Innovation Program requirements, criteria and expectations.

Outcome ***Increased application and commercialization of energy, ICT and life sciences research in Alberta***

Performance Measure

Percentage of Government of Alberta Expense used to Support Innovation



Source: Statistics Canada and Government of Alberta Annual Reports

Government of Alberta Expense used to Support Innovation

Investments in research, development and innovation are important components that support the overall direction of the provincial government.

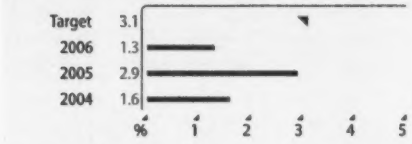
- Investments by the Government of Alberta (GOA) to support innovation totaled $726.8 million in 2005-06 and amounted to 2.67% of total expenditures. The target is considered met as the percentage of GOA expense used to support innovation is increasing towards the 2015 target of 5%.
- The result demonstrates the government's commitment to research and development through growth of investments in innovation at a time when total expenses have increased due to a variety of needs.
- Expenditures on innovation supporting activities are increasing.

Notes

- See Endnote O (p. 154) re Government of Alberta expense used to support innovation.

Performance Measure

Percentage of Canadian Venture Capital Invested in Alberta's Strategic Priority Areas



Source: Statistics Canada

Canadian Venture Capital

The percentage of Canadian venture capital invested in Alberta's strategic priority areas (energy, ICT and life sciences) is a measure of the impact of the Ministry's activities aimed at attracting and facilitating access to venture capital in the province.

- In 2006, Alberta knowledge-based companies attracted 1.3% of the total venture capital invested in Canada, a decline from the 2.9% invested in 2005.
- Alberta's venture capital market is still developing and much of the venture capital is allocated to the energy sector. Energy investments are not captured in the database as they do not fit the definition of venture capital.

Notes

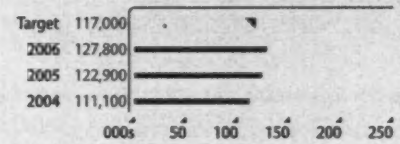
- See Endnote Q (p. 155) re Canadian venture capital invested in Alberta's strategic priority areas.

Goal 3 *Implement Innovation*

Outcome ***Growth in Alberta's ICT and life sciences sectors***

Performance Measure

Number of Albertans Employed in Knowledge-Intensive (High-Tech) Companies



Source: Alberta Advanced Education and Technology

Albertans Employed in Knowledge-Intensive Companies

An increase in Albertans employed in knowledge-intensive (high-tech) companies is an indicator of a growing knowledge-based economy.

- In 2006, Alberta's high-technology companies employed 127,800 people, surpassing the target.
- A significant factor driving the increase in knowledge-based sectors has been the high demand for services to support the energy sector.

Notes

- See Endnote P (p. 155) re Albertans employed in knowledge-intensive companies.

Performance Measure

Albertans Employed in Knowledge-Intensive (High-Tech) Companies as a Percentage of Albertans Employed in all Companies

Source: Alberta Advanced Education and Technology

Proportion of Albertans Employed in Knowledge-Intensive Companies

Albertans employed in knowledge-intensive (high-tech) companies compared to Albertans employed in all companies is an indicator of the size of the knowledge-based sector.

- In 2006, 6.8% of Albertans were employed in knowledge-intensive (high-tech) companies, exceeding the target.
- An increase in employees in knowledge-based companies reflects an overall growth in Alberta's knowledge-intensive sector.

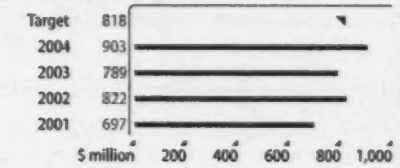
Notes

- Endnote P (p. 155) re Albertans employed in knowledge-intensive companies.

Outcome ***Increased implementation of innovative initatives to enhance Government of Alberta service delivery and to facilitate the application of new knowledge in Alberta***

Performance Measure

Alberta Business Expenditures on Research and Development



Source: Statistics Canada

Alberta Business Expenditures on Research and Development

Business expenditure on research and development is a measure of the Ministry's progress toward creating an environment where great ideas are more likely to be developed and brought to market. The Ministry's emphasis is focused on supporting applied research and development, strengthening the technology commercialization system, and encouraging business growth in energy, ICT and life sciences in Alberta.

- In 2004, Alberta businesses invested $903 million in research and development, exceeding the target of $818 million.

Notes

- Provincial level data is reported for two years previous. 2004 data was released in September 2006.
- 2001, 2002 and 2003 data has been restated in Statistics Canada's 2006 publication.
- See Endnote R (p. 155) re business expenditure on research and development.

Goal 3 — Implement Innovation

Results at a Glance

Outcomes / Performance Measures	Previous Years' Results						Current Results		2006-07 Targets
Increased application and commercialization of energy, ICT and life sciences in Alberta									
Percentage of Government of Alberta expense used to support innovation	1.71%	2002-03	1.54%	2003-04	1.60%	2004-05	2.67%	2005-06	*Increasing up to 5% as affordable, by 2015*
Percentage of Canadian venture capital invested in strategic priority areas	—		1.6%	2004	2.9%	2005	1.3%	2006	3.1%
Growth in Alberta's ICT and life sciences sectors									
Number of Albertans employed in knowledge-intensive (high-tech) companies	—		111,100	2004	122,900	2005	127,800	2006	117,000
Albertans employed in knowledge-intensive (high-tech) companies as a percentage of Albertans employed in all companies	—		6.3%	2004	6.9%	2005	6.8%	2006	6.4%
Increased implementation of innovative initiatives to enhance Government of Alberta service delivery and to facilitate the application of new knowledge in Alberta									
Alberta business expenditures on research and development ($ million)	697	2001	822	2002	789	2003	903	2004	818

Discussion of Results

Goal 3 focused on implementing innovation in Alberta. Investments in research result in innovative ideas, products and processes that, if commercialized successfully for the global marketplace, have the potential to yield significant economic and social benefits for the province.

Investments supporting innovation totaled $726.8 million in 2005-06, or 2.67% of Government of Alberta expenditures. This demonstrates the government's commitment to creating an environment where great ideas are more likely to be developed and brought to market in Alberta, with a focus on supporting applied research and development, strengthening the technology commercialization system, and encouraging business growth in priority sectors.

In support of this, the Ministry announced a new funding competition for Alberta's Innovation Program, resulting in the provision of $7.6 million for 11 innovative projects. Furthermore, a $16.6 million investment was announced under the joint federal-provincial Western Economic Partnership for innovation and economic development initiatives.

Alberta's high technology sectors employed 6.8% of all Alberta employees, or 127,800 people in 2006-07. A significant factor driving the increase has been the demand for services to support the energy sector during this period of growth.

Alberta's venture capital market is still developing. The percentage of venture capital invested in the strategic priority areas of energy, information and communications technology, and life sciences in Alberta experienced a decline in 2006. The dominance of the energy sector in Alberta continues to divert venture capital from reaching high-tech investments, which generally offer a longer investment horizon.

Alberta businesses expended $903 million to conduct research and development, $85 million more than targeted for 2006-07. This increase may indicate progress toward creating an environment where great ideas are more likely to be developed and brought to market in Alberta.

Core Business 2 *Innovation*

Goal 4 **Build Research Capacity in Areas of Strategic Priority**

Strategies

In support of Goal 4, Advanced Education and Technology adopted the following strategies:

- Provide support to recruit and retain highly qualified and effective scientific personnel at Alberta public research institutions.
- Strengthen Alberta's scientific capacity to support areas of strategic importance through investing in Alberta's publicly-funded research infrastructure. Examples include nanotechnology, genomics/proteomics, bioinformatics and wireless communications technologies.
- Encourage greater investment in Alberta's research and innovation priorities from industry and federal government sources.
- Coordinate research and innovation-related investments, policies and programs by collaborating with other ministries and public institutions. For example, support Education in its studies of the needs relative to the skills required to support innovation.
- Work with the Alberta Heritage Foundation for Medical Research and the Alberta Ingenuity Fund to align efforts with provincial priorities, with an increased focus on technology commercialization.
- Promote science and technology awareness within Alberta, including encouraging youth to enter careers in science and technology. As a cornerstone, provide ongoing support to the Science Alberta Foundation for the work they accomplish with children, youth, teachers and communities to promote science awareness.
- Promote Alberta's strengths in science and technology both nationally and internationally.

Outcome ***A skilled workforce to support research and innovation***

Performance Measure

Graduate Students Studying in Alberta

Source: Alberta Advanced Education and Technology, Learner Enrolment Reporting System (LERS)

Graduate Students Studying in Alberta

The number of graduate students studying in Alberta is a new measure in the 2007-10 Business Plan. No targets have been set.

- Students participating in graduate level courses do innovative work and contribute greatly to the research capacity of the province.
- The number of graduate students studying at Alberta's publicly-funded institutions is increasing.

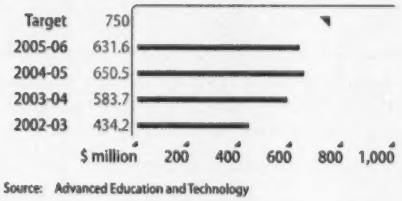
Notes

- Targets have been set in the 2007-10 Business Plan.
- The number of graduate students studying in Alberta in 2004-05 has been restated from the number reported in the 2007-10 Business Plan.
- See Endnote D (p. 152) re Learner Enrollment Reporting System (LERS).
- See Endnote U (p. 156) re graduate students studying in Alberta.

Outcome ***A supportive environment that encourages innovation, collaboration and networks***

Performance Measure

Total Sponsored Research Revenue Attracted by Alberta Universities



Source: Advanced Education and Technology

Sponsored Research Revenue Attracted by Alberta Universities

- Alberta universities' sponsored research revenue has more than tripled in the last nine years, reflecting the introduction of new programs and the expansion of existing provincial and federal programs aimed at increasing the research capacity and capability of Alberta.
- In 2005-06, the total sponsored research revenue attracted by universities was $631.6 million, a decrease from the previous year. This decrease in sponsored research funding in Alberta is mainly a result of the completion of university capital projects which had significant investments from the Government of Alberta.

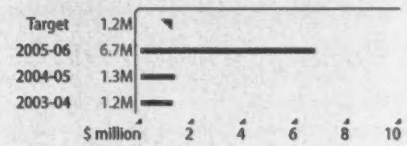
Notes

- See Endnote S (p. 155) re total sponsored research revenue attracted by Alberta Universities.

Goal 4 *Build Research Capacity in Areas of Strategic Priority*

Performance Measure

Total Sponsored Research Revenue Attracted by Alberta Colleges and Technical Institutes



Source: Advanced Education and Technology

Sponsored Research Revenue Attracted by Alberta Colleges and Technical Institutes

Alberta colleges and technical institutes conduct applied research, an important element of Alberta's innovation system. Applied research fosters the transfer of knowledge to the industrial/commercial sector and strengthens partnerships between research institutions and industry.

- In 2005-06, Alberta colleges and technical institutes attracted $6.7 million, exceeding the target. The large increase in revenue reflects the improved reporting mechanisms implemented by Advanced Education and Technology and Alberta's colleges and technical institutes.

Notes

- See Endnote T (p. 156) re total sponsored research revenue attracted by Alberta colleges and technical institutes.

Results at a Glance

Outcomes / Performance Measures	Previous Years' Results			Current Results	2006-07 Targets
A skilled workforce to support research and innovation					
Number of graduate students studying in Alberta	14,923 2002-03	16,159 2003-04	17,149 2004-05	17,611 2005-06	—
A supportive environment that encourages innovation, collaboration and networks					
Total sponsored research revenue attracted by Alberta universities ($ million)	434.2 2002-03	583.7 2003-04	650.5 2004-05	631.6 2005-06	750
Total sponsored research revenue attracted by Alberta's colleges and technical institutes ($ million)	—	1.2 2003-04	1.3 2004-05	6.7 2005-06	1.2

Discussion of Results

Goal 4 focused on building research capacity in areas of strategic priority at Alberta universities, colleges and technical institutes. The Government's commitment to supporting scientific excellence, and its focus on Alberta's strategic research priorities: energy, information and communications technology and life sciences, will ensure that critical mass and capacity is achieved in key areas. This commitment was evident in the $19.7 million provided to support large-scale research infrastructure projects through the competitive Alberta Science and Research Investments Program.

Developing, attracting and retaining high quality people with scientific, technical and entrepreneurial skills is vital to an innovative, knowledge-based economy. In keeping with this, Government provided $500,000 to the Canadian Institute for Advanced Research to support networks of leading researchers who contribute to strategic research priorities in Alberta and beyond.

Excellence in research and development attracts sponsored research revenue in a highly competitive environment. The ability of the post-secondary system to attract research funding reflects the quality, capability and capacity of Alberta's research system. Other factors that impact sponsored research revenue include availability of funds through provincial, federal and industry research programs.

Sponsored research funding at Alberta's universities decreased slightly, from $651 million in 2004-05 to $632 million in 2005-06. The decrease is attributed to the completion of major capital projects at the University of Alberta and the University of Calgary. Sponsored research funding has nearly doubled in the last five years, reflecting Alberta's success in garnering research awards and investments in research capital initiatives aimed at increasing the research capacity and capability of Alberta's universities.

Sponsored research funding at Alberta's colleges and technical institutes increased significantly from $1.3 million in 2004-05 to $6.7 million in 2005-06. The colleges and technical institutes received a formal mandate to conduct research in 2005, and are in the early stages of building research capacity.

Strengthening Alberta's innovation system and research capacity continues to be critical to ensuring the province's long-term economic competitiveness.

Core Business 2 *Innovation*

Goal 5 **Accelerate Innovation in the Energy Sector**

Strategies

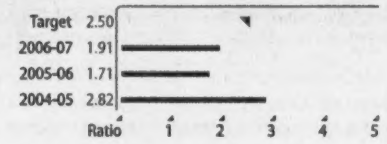
In support of Goal 5, Advanced Education and Technology adopted the following strategies:

- Provide applied research and development to support technology commercialization and adoption of technologies.
- Lead crosscutting initiatives in competitive intelligence, technology transfer/commercialization and capacity building.
- Enhance the capacity for energy innovation through strong university, provincial and federal research organization-based programs and high quality research teams that support the six strategic priority areas.
- Ensure alignment with industry and other government ministries to promote technology advances in energy and to collaborate in the development and implementation of energy innovation programs with other providers within Canada, the United States and elsewhere.
- Support the Innovative Energy Technology Program and field pilot projects that advance the deployment of new energy technologies.
- Collaborate nationally with stakeholders using EnergyINet as a key vehicle to pursue energy research and innovation investments in six strategic priority areas, i.e. oil sands upgrading, clean carbon/coal, CO2 management, improved recovery, alternate and renewable energy, and water management.
- Promote industry collaboration and maintain close working relationships with associations, such as the Petroleum Technology Alliance of Canada , the Canadian Clean Power Coalition, the Canadian Oil Sands Network for Research and Development, the Canadian Energy Research Institute, Canadian Association of Petroleum Producers and Climate Change Central.

Outcome ***Increased collaboration among energy research performers and energy producers***

Performance Measure

Energy Research: Ratio of Private and Other Public Investments to Government of Alberta Investments



Source: Alberta Advanced Education and Technology

Leverage of Government of Alberta Investments in Energy Research

The ratio of private and other public investment to Government of Alberta (GOA) investments in energy research shows how government support is leveraged to attract more investors.

- In 2006-07, for every dollar invested by the GOA, $1.91 was invested by other partners.
- The increased ability to leverage government investments in 2006-07 is mainly due to updated information on investments for several projects. The amount of non-GOA funding substantially increased, which increased the ratio overall.
- The Alberta Energy Research Institute, which has a number of projects within this measure, has established an objective of garnering support for projects from the federal government and industry.

Notes

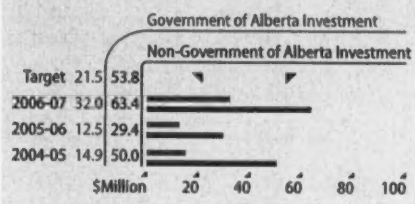
- See Endnote V (p. 156) re investments in priority research areas.

Goal 5 *Accelerate Innovation in the Energy Sector*

Outcome *Increased joint investments in energy research by industry, the federal government and Alberta*

Performance Measure

Investments in Energy Research: Government of Alberta and Non-Government of Alberta



Source: Alberta Advanced Education and Technology

Investments in Energy Research

- In 2006-07, Government of Alberta and non-Government of Alberta investments increased from the previous two years, and significantly surpassed their targets.
- Government of Alberta investments in energy research totaled $32 million and non-Government of Alberta investments in energy research totaled $63.4 million in 2006-07.
- The Alberta Energy Research Institute, which has a number of projects within this measure, has established an objective of garnering support from the federal government and industry.
- A contributing factor to the increase in funding for energy research in 2006-07 was the establishment of the government's Energy Innovation Fund. The Fund allowed additional projects to be instated through the Alberta Energy Research Institute, and included non-Government of Alberta contributors.

Notes

- This measure has been dropped in the 2007-10 Business Plan due to difficulty in measuring investments made by various partners over the lifespan of a project. New measures are being developed to measure an environment where research, development and innovation are fostered.
- See Endnote V (p. 156) re investments in priority research areas.

Results at a Glance

Outcomes / Performance Measures		Previous Years' Results		Current Results	2006-07 Targets
Increased collaboration among energy research performers and energy producers					
Energy research: ratio of non-GOA investments to GOA investments		2.82 2004-05	1.71 2005-06	1.91 2006-07	2.50
Increased joint investments in energy research by industry, the federal government and Alberta					
Investments in energy research	Non-GOA investment ($ million)	50.0 2004-05	29.4 2005-06	63.4 2006-07	53.8
	GOA investment ($ million)	14.9 2004-05	12.5 2005-06	32.0 2006-07	21.5

Discussion of Results

Goal 5 focused on accelerating innovation in the energy sector. Energy, directly or indirectly, accounts for a large part of the Alberta economy. The ratio of investments shows the relevance of energy related projects to, and the alignment of industry or other funding partners' priorities with, Government of Alberta (GOA) strategic priorities. Research excellence is also a factor in attracting research funding from other sources.

Goal 5 results are influenced by economic factors that can impact the amount of industry investment in energy research. Changes in any federal research funding programs also impact the results, as do any changes in the provincial government's budget for Advanced Education and Technology and other Alberta research agencies.

In 2006-07, the Government of Alberta attracted 1.91 dollars from other partners for every dollar invested by the GOA. The ratio is lower than the target of 2.50. This can be attributed to the fact that the Alberta Energy Research Institute (AERI) has established an objective of garnering support for projects from the federal government and industry. Some of the AERI investments are not readily attributable to specific projects. Energy-related projects lead through the University Research and Strategic Investments Branch focused on research equipment support primarily at post-secondary institutions, and while matching federal government investment is often available, industry investment is less prevalent.

Investments in energy research were above target in 2006-07 and garnered $32 million from the GOA sources and $63.4 million from non-GOA partners. Funding for energy research increased in 2006-07 through the establishment of the government's Energy Innovation Fund which allowed additional projects to be initiated through the AERI, with other contributors involved.

Core Business 2 — *Innovation*

Goal 6 — **Accelerate Innovation in the Information and Communications Technology Sector**

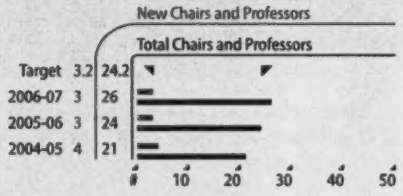
Strategies

In support of Goal 6, Advanced Education and Technology adopted the following strategies:

- Update the ICT Strategy for Alberta.
- Lead and guide ICT research and innovation to grow the ICT industry.
- Build clusters of internationally recognized research teams in areas of ICT in which Alberta companies are able to be global leaders. These areas include networks and wireless communications, artificial intelligence and machine learning, computational and integrative science (e.g. systems biology), new computational models such as nanodevices, and quantum computing.
- Work with industry to encourage and increase their support of ICT research at Alberta universities.
- Collaborate with government partners such as Alberta Ingenuity and the universities to increase the number of Alberta advanced graduates from ICT related fields of study.
- Increase and nurture collaboration between public research institutions, industry, the investment community and academia in Alberta and other jurisdictions.

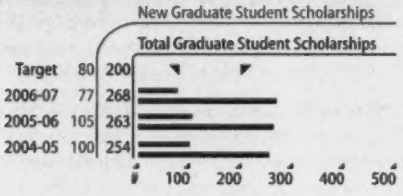
Outcome — ***A skilled workforce to support ICT research and innovation and other sectors of the Alberta economy***

iCORE Research Chairs, Industry Chairs and Professors



Source: Alberta Advanced Education and Technology

iCORE Graduate Student Scholarships



Source: Alberta Advanced Education and Technology

iCORE Awards

iCORE's primary function is to attract, retain, educate and support exceptional ICT researchers and students. Increasing the number of world-class researchers is important to fostering excellence in ICT research and technology development.

- Three of the four targets were met in 2006-07, resulting in an increase in Alberta's ICT research capability.
- In 2006-07, three new research chairs, industry chairs and/or professors were sponsored by iCORE. Recruitment of the fourth research chair was underway in 2006-07; the process of recruiting the right candidate for a position requires a negotiation process which cannot always be aligned within the fiscal year.
- The 77 new graduate scholarships awarded in 2006-07 did not meet the target of 80. The number of active graduate student scholarships at 268 surpassed the target of 200 due to increased funding for student scholarships.

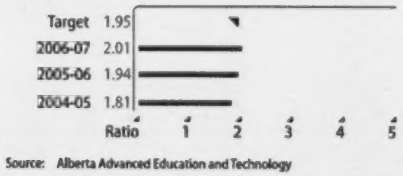
Notes

- See Endnote W (p. 156) re iCORE awards.

Outcome — ***An environment that supports and encourages innovation in ICT research, through collaborative research, development and technology commercialization***

Performance Measure

ICT Research: Ratio of Private and Other Public Investments to Government of Alberta Investments



Source: Alberta Advanced Education and Technology

Leverage of Government of Alberta Investment in ICT Research

Investment in Information and Communications Technology (ICT) research is key to advancing many areas of research and development.

- In 2006-07, collaborating partners invested $2.01 in ICT research for every dollar invested by the Government of Alberta. The target was met.
- The amount of investments leveraged has increased since 2004-05. This is attributed to several factors including a more rigorous review of investments by all parties, the beginning of some high leverage projects, and some new strategic investments.

Notes

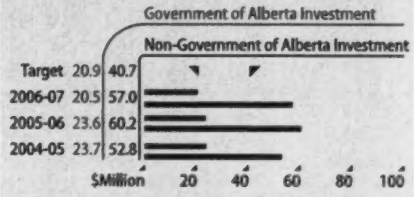
- See Endnote V (p. 156) re investments in priority research areas.

Goal 6 *Accelerate Innovation in the ICT Sector*

Outcome ***Facilitate the growth of ICT industrial sectors***

Performance Measure

Investments in ICT Research: Government of Alberta and Non-Government of Alberta



Source: Alberta Advanced Education and Technology

Investment in ICT Research

- In 2006-07, collaborating partners invested $57 million in ICT research and the Government of Alberta invested $20.5 million.
- The increase in partner funding can be attributed, in part, to the recovery of the ICT industry and aggressive efforts by the Ministry to attract corporate partners to participate in research in the province. Significant investment in emerging industries, especially nanotechnology, contributed to the increased non-Government of Alberta funding.
- Investment by collaborating partners is evidence that Alberta is being recognized for excellence of its people, ideas, research capacity and capability.

Notes

- This measure has been dropped in the 2007-10 Business Plan due to difficulty in measuring investments made by various partners over the lifespan of a project. New measures are being developed to measure an environment where research, development and innovation are fostered.
- See Endnote V (p. 156) re investments in priority research areas.

Results at a Glance

Outcomes / Performance Measures		Previous Years' Results		Current Results	2006-07 Targets
A skilled workforce to support ICT research and innovation an other sectors of the Alberta economy					
ICORE Awards *(Totals include New)*	New research chairs, industry chairs and professors	4 2004-05	3 2005-06	3 2006-07	3.2
	Total active research chairs, industry chairs & professors	21 2004-05	24 2005-06	26 2006-07	24.2
	New graduate student scholarships	100 2004-05	105 2005-06	77 2006-07	80
	Total active graduate student scholarships	254 2004-05	263 2005-06	268 2006-07	200
An environment that supports and encourages innovation in ICT research, through collaborative research, development and technology commercialization					
ICT research: ratio of non-GOA investments to GOA investments		1.81 2004-05	1.94 2005-06	2.01 2006-07	1.95
Facilitate the growth of ICT industrial sectors					
Investments in ICT research	Non-GOA investment ($ million)	52.8 2004-05	60.2 2005-06	57.0 2006-07	40.7
	GOA investment ($ million)	23.7 2004-05	23.6 2005-06	20.5 2006-07	20.9

Discussion of Results

Goal 6 focused on accelerating innovation in the information and communications technology sector. Information and communications technology (ICT) is vital to Alberta's economic future and will play a key role in improving all sectors of the Alberta economy.

ICT investment by industry is evidence of its recognition of the excellence of Alberta's people, ideas, research capacity and capability. However, several economic factors can impact the amount of industry investment in ICT research. Changes in federal research funding programs also impact results, as do any changes in the provincial government budget for Advanced Education and Technology and other Alberta research agencies.

In 2006-07, the Government of Alberta (GOA) attracted 2.01 dollars from other partners for every dollar invested in ICT by the GOA. This result can be attributed to several factors including a more rigorous review of investments by all parties, the beginning of high leverage projects, and new strategic investments.

Through targeted investments, Alberta strives to create an environment that supports and encourages innovation in ICT research via collaborative research, development and technology commercialization. Investments in ICT research in 2006-07 garnered $20.5 million from GOA sources and $57 million from non-GOA partners. The increase in partner funding can be attributed, in part, to the recovery of the ICT industry and aggressive efforts by the Ministry to attract corporate partners to participate in research in the province. Significant investment in emerging industries, especially nanotechnology, also contributed to the increased non-GOA funding.

Through iCORE Inc., the Ministry is attracting and growing a critical mass of outstanding researchers and graduate students in computer science, electrical and computer engineering, and other ICT related disciplines. There were 77 new graduate scholarships awarded in 2006-07. In addition, the number of active graduate student scholarships was 268, exceeding iCORE's target.

Core Business 2 *Innovation*

Goal 7 **Accelerate Innovation in the Life Sciences Sector**

Strategies

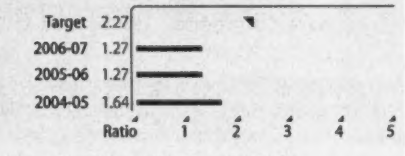
In support of Goal 7, Advanced Education and Technology adopted the following strategies:

- Lead and guide life sciences research and innovation to grow the life sciences industry.
- Consolidate, coordinate and align current investments, and guide future investments in water research through an established water research strategy in support of *Water for Life: Alberta's Strategy for Sustainability*.
- Implement a life sciences strategic business plan to lead and align research and innovation priorities and investments with industry and research organizations focusing on development of cross-disciplinary opportunities in agriculture, environment, forestry, and health research in the strategic priority areas of: Sustainable Resource Management, BioProducts, Health and Nutrition, Platform Technologies, Water Sustainability and Safety, and Prion Science.
- Develop mechanisms to attract, train and retain high quality people in the focus areas identified for Alberta life sciences.
- Promote industry collaboration and engage with national and international research and development organizations, encouraging increased investment (private and public) in the identified focus areas of life sciences through the development of networks.
- Complete and implement a provincial bioenergy strategy, including demonstration projects that encourage rural development.

Outcome ***An environment that encourages innovation and collaborative life sciences networks***

Performance Measure

Life Sciences Research: Ratio of Private and Other Public Investments to Government of Alberta Investments



Source: Alberta Advanced Education and Technology

Leverage of Government of Alberta Investments in Life Sciences Research

The ratio of private and other public investment to Government of Alberta (GOA) investments in life sciences research shows how government support is leveraged to attract more investors.

- In 2006-07, for every dollar invested by the GOA, $1.27 was invested by other partners.
- While comparable to 2005-06 results, the 2006-07 result is lower than the target. Much of the investment provided by core partners for life sciences research in Alberta was provided indirectly, or as in-kind funding. This funding is not included in the leverage calculation. Also, during 2006-07, the GOA invested seed or start-up funding in several programs. More public sector investment is expected due to the exploratory nature of the programs.

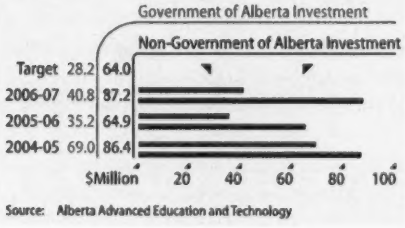
Notes

- See Endnote V (p. 156) re investments in priority research areas.

Outcome ***Facilitate the growth of life sciences industrial sectors***

Performance Measure

Investments in Life Sciences Research: Government of Alberta and Non-Government of Alberta



Source: Alberta Advanced Education and Technology

Investments in Life Sciences Research

Government investment in research and development is an investment in Alberta's future. Non-government investment is evidence that industry recognizes the excellence of Alberta's people, ideas and research capacity and capability.

- The 2006-07 investment targets were exceeded in both Government of Alberta and non-Government of Alberta investments.
- Funding for life sciences research increased in 2006-07 to respond to significant sector challenges and opportunities, including water research, the mountain pine beetle, mental health research, and industrial crop development.

Notes

- This measure has been dropped in the 2007-10 Business Plan due to difficulty in measuring investments made by various partners over the lifespan of a project. New measures are being developed to measure an environment where research, development and innovation are fostered.
- See Endnote V (p. 156) re investments in priority research areas.

Goal 7 — Accelerate Innovation in the Life Sciences Sector

Results at a Glance

Outcomes / Performance Measures		Previous Years' Results		Current Results	2006-07 Targets
An environment that encourages innovation and collaborative life sciences networks					
Life sciences research: ratio of non-GOA investments to GOA investments		1.64 2004-05	1.27 2005-06	1.27 2006-07	2.27
Facilitate growth of life sciences industrial sectors					
Investments in life sciences research	Non-GOA investment ($ million)	86.4 2004-05	64.9 2005-06	87.2 2006-07	64.0
	GOA investment ($ million)	69.0 2004-05	35.2 2005-06	40.8 2006-07	28.2

Discussion of Results

Goal 7 focused on accelerating innovation in the life sciences sector. Life sciences is the growing understanding of living things and the use of that understanding to produce benefits for Albertans. Alberta is focusing on cross-sectoral strategic priority areas: bioproducts, health and nutrition, platform technologies, sustainable resource management, prion science, and water sustainability and safety. Innovation in these strategic priority areas will support and augment the agriculture, energy, environment, forestry, and health sectors.

Goal 7 results assess the impact of Government of Alberta (GOA) investments in attracting other government and industry investment to life sciences research. Investment by others is evidence that they recognize the excellence of Alberta's research capacity and capability. Changes in any federal research funding programs would impact results, as would any changes in the provincial government budget for Advanced Education and Technology, and other Alberta research agencies.

In 2006-07, the GOA attracted 1.27 dollars from other partners for every dollar invested in life sciences by the GOA. While comparable to 2005-06 results, this leverage result is lower than the target. This may be attributed to the fact that indirect, or in-kind funding represents a significant component of the research contributions made by other organizations, however, such contributions are not reflected in this ratio because of difficulty in assessing the monetary value of these contributions. More robust measures of private research contributions are being explored to replace the ratio measures. In addition, several programs that life sciences invested in during 2006-07 were seed funding, where more public sector investment is expected due to the exploratory nature of the program.

Investments in life sciences research exceeded target in 2006-07, and garnered $40.8 million from the GOA sources and $87.2 million from non-GOA partners. The increase can be attributed to the response to significant sector challenges and opportunities, such as the mountain pine beetle and industrial crop development.

By continuing to build excellence in life sciences research and development, Alberta will increase its economic returns, develop a renewable economy, improve quality of life, and create a more sustainable future for Albertans.

Ministry of Advanced Education and Technology
Consolidated Financial Statements
March 31, 2007

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8	*Allocated Costs*

AUDITOR GENERAL *Alberta*

Auditor's Report

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Advanced Education and Technology as at March 31, 2007 and the consolidated statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

original signed by

Fred J. Dunn, FCA
Auditor General

Edmonton, Alberta
May 22, 2007

Consolidated Statement of Operations

for the year ended March 31, 2007

(in thousands)	2007 Budget	2007 Actual	2006 Actual
	(Schedule 3)		(Restated - see Note 3)
Revenues (Schedule 1)			
Internal Government Transfers	$ 163,159	$ 168,438	$ 131,338
Transfers from Government of Canada	254,147	227,565	214,054
Investment Income	8,500	10,327	6,356
Premiums, Fees and Licenses	5,209	6,744	4,562
Increase in Equity in Public Post-Secondary Institutions (Note 11)	—	372,206	289,959
Other Revenue	44,984	48,782	42,413
	475,999	834,062	688,682
Expenses - Directly Incurred (Schedule 2)			
Assistance to the Post-Secondary Institutions	1,597,039	1,677,538	1,444,245
Post-Secondary Facilities Infrastructure	277,143	395,441	187,509
Support to Post-Secondary Learners	176,352	109,823	120,492
Innovation Capacity	68,888	92,193	72,143
Alberta Research Council Inc.	68,451	64,236	61,439
Access to the Future Fund	45,000	42,503	—
Program Delivery Support	38,757	38,757	35,113
Apprenticeship Delivery	27,129	24,560	23,203
Ministry Support Services	26,513	23,131	20,081
Innovation Implementation	27,639	21,809	48,002
iCORE Inc.	11,438	10,865	11,262
Alberta Centennial Education Savings Plan	19,500	7,723	2,801
Ministry Expense	2,383,849	2,508,579	2,026,290
Gain on Disposal of Tangible Capital Assets	—	33	360
Write-down of Tangible Capital Assets	—	(47)	(315)
Ministry Net Operating Results	$(1,907,850)	$(1,674,531)	$(1,337,563)

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Financial Position

as at March 31, 2007

(in thousands)	2007	2006 (Restated - see Note 3)
Assets		
Cash (Note 4)	$ 27,934	$ 25,187
Accounts Receivable (Note 5)	29,341	27,442
Loans Receivable (Note 6)	188,172	152,550
Tangible Capital Assets (Note 7)	41,778	34,223
Equity in Public Post-Secondary Institutions (Note 11)	2,764,666	2,392,460
	$ 3,051,891	$ 2,631,862
Liabilities		
Accounts Payable and Accrued Liabilities (Note 8)	$ 136,326	$ 76,256
Unearned Revenue (Note 9)	59,440	7,258
Liability for Student Loans Issued (Note 10)	5,422	9,241
Deferred Contributions	1,114	1,540
Current Portion of Long Term Debt	—	273
	202,302	94,568
Net Assets		
Net Assets at Beginning of Year (Note 3)	2,537,294	2,164,685
Net Operating Results	(1,674,531)	(1,337,563)
Net Transfer from General Revenues	1,986,826	1,710,172
Net Assets at End of Year	2,849,589	2,537,294
	$ 3,051,891	$ 2,631,862

The accompanying notes and schedules are part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended March 31, 2007

(in thousands)	2007	2006 (Restated - see Note 3)
Operating Transactions		
Net Operating Results	$(1,674,531)	$(1,337,563)
Non-cash Items included in Net Operating Results		
Increase in Equity in Public Post-Secondary Institutions (Note 11)	(372,206)	(289,959)
Amortization	3,784	3,066
Valuation Adjustments		
Provision for Future Cost of Student Loans Issued	15,671	24,602
Provision for Vacation Pay and Other Provisions	541	336
Write-down of Tangible Capital Assets	47	315
Gain on Disposal of Tangible Capital Assets	(33)	(360)
Write-down of Marketable Securities	—	59
(Gain)/Loss on Sale of Marketable Securities	35	(238)
Proceeds from Sale of Marketable Securities	(35)	349
	(2,026,727)	(1,599,393)
Net Change in Liability for Student Loans Issued	(1,522)	(1,530)
Increase in Accounts Receivable	(1,899)	(4,071)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	59,530	(50,921)
Decrease in Current Portion of Long Term Debt	(273)	(174)
Decrease in Holdback Liability	—	(485)
Increase in Unearned Revenue	52,182	1,818
(Decrease) Increase in Deferred Contributions	(426)	641
Cash Applied to Operating Transactions	(1,919,135)	(1,654,115)
Capital Transactions		
Acquisition of Tangible Capital Assets (Note 7)	(12,523)	(12,540)
Tangible Capital Assets Transferred to Other Ministries	1,136	5,374
Proceeds from Disposal of Tangible Capital Assets	33	435
Cash Applied to Capital Transactions	(11,354)	(6,731)
Investing Transactions		
Net Change in Loans Receivable	(53,590)	(54,445)
Repayment of Long Term Debt	—	(273)
Cash Applied to Investing Transactions	(53,590)	(54,718)
Financing Transactions		
Net Transfer from General Revenues	1,986,826	1,710,172
Cash Provided by Financing Transactions	1,986,826	1,710,172
Increase (Decrease) in Cash	2,747	(5,392)
Cash, Beginning of Year	25,187	30,579
Cash, End of Year	$ 27,934	$ 25,187

The accompanying notes and schedules are part of these financial statements.

Notes to the Consolidated Financial Statements

March 31, 2007

Note 1 Authority and Purpose

The Minister of Advanced Education and Technology has been designated as responsible for various Acts by the *Government Organization Act*, Chapter G-10, revised Statutes of Alberta 2000 and its regulations.

Below are the organizations that form the Ministry of Advanced Education and Technology and the authority under which each organization operates.

Organization	*Authority*
The Department of Advanced Education and Technology	*Government Organization Act*
Alberta Research Council Inc. including its wholly owned subsidiary C-FER Technologies (1999) Inc.	*Business Corporations Act / Government Organization Act* *
iCORE Inc.	*Business Corporations Act / Government Organization Act* *
Access to the Future Fund	*Access to the Future Act*
Public Post-Secondary Institutions (Schedule 4)	*Post-secondary Learning Act*

* Alberta Research Council Inc. and iCORE Inc. were incorporated under the *Business Corporations Act* and are wholly owned by the Government of Alberta as represented by the Minister of Advanced Education and Technology.

In support of Alberta's vision, Advanced Education and Technology's purpose is to assist Alberta to be a learning and innovative society.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting Entity

The reporting entity is the Ministry of Advanced Education and Technology, for which the Minister of Advanced Education and Technology is accountable. These consolidated financial statements include activities of the Department of Advanced Education and Technology, the Alberta Research Council Inc., iCORE Inc., Public Post-Secondary Institutions and the Access to the Future Fund.

Schedule 4 provides a list of Public Post-Secondary Institutions.

The Minister of Advanced Education and Technology is responsible for legislation pertaining to the Alberta Heritage Foundation for Science and Engineering Research (operating as Alberta Ingenuity) and the Alberta Heritage Foundation for Medical Research (AHFMR), however, the financial statements for these two entities are not consolidated in these financial statements. The Ministry Annual Report includes activity information and financial statements for each of these entities.

(b) Method of Consolidation

The accounts of the Department, the Alberta Research Council Inc., iCORE Inc. and the Access to the Future Fund are fully consolidated on a line-by-line basis. Revenue and expense transactions, capital, investing and financing transactions and related asset and liability accounts between these entities have been eliminated.

The accounts of the Public Post-Secondary Institutions are consolidated on a modified equity basis in accordance with standards issued by the Public Sector Accounting Board. Under the modified equity method, the accounting policies of Public Post-Secondary Institutions are not adjusted to conform with those of the Ministry. Inter-sector revenue and expense transactions and related asset and liability balances are not eliminated. Equity balances for the Public Post-Secondary Institutions are compiled in accordance with Canadian generally accepted accounting principles applicable to public post-secondary institutions.

The year-end of colleges and technical institutes is June 30. Transactions of these organizations that have occurred during the period July 1, 2006 to March 31, 2007, and that significantly affect the consolidated accounts, have been recorded.

The Ministry Annual Report for the year ended March 31, 2007 includes summary financial information compiled from Public Post-Secondary Institutions audited financial statements for the year ended June 30, 2006 for the colleges and technical institutes and March 31, 2007 for the universities and the Banff Centre for Continuing Education.

Note 2

Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made. Overpayments relating to Canada Social Transfer entitlements and transfers received before revenue recognition criteria have been met are included in accounts payable and accrued liabilities.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

In addition to program operating expenses such as salaries and supplies, etc. directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, and student loans.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Incurred by Others

Services contributed by other entities in support of the Ministry operations are disclosed in Schedule 8.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees, students and other individuals.

Loans receivable are recorded at cost net of the allowance for loan relief completion payments and an allowance for impaired loans.

Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000. All land is capitalized.

Expenses for patents owned by the Ministry as a result of research activity are not capitalized due to the uncertain value of benefits that may accrue to the Ministry.

Expenses on the acquisition or development of other intangible assets including intellectual capital are not capitalized as currently there is no acceptable methodology for measuring the value of future benefits accruing to the Ministry.

Equity in Public Post-Secondary Institutions represents the difference between the carrying value of assets held by the Institutions and their liabilities as determined at March 31, 2007.

Note 2

Summary of Significant Accounting Policies and Reporting Practices (continued)

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future. They include the Ministry's obligations for future payments under the *Student Financial Assistance Act* for guarantees, remissions, risk premiums and interest.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Ministry and its liabilities.

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is variance between the recognized or disclosed amount and another reasonably possible amount.

The allowance for loan relief completion payments amounting to $46,318 (2006 - $54,191), the allowance for impaired loans amounting to $25,510 (2006- $33,621), as well as, the liability for student loans issued amounting to $5,422 (2006 - $9,241) are subject to measurement uncertainty.

The Ministry has made certain estimates in the following areas:

- The number of students exceeding their maximum debt limit in determining the allowance for loan relief completion payments.
- Recovery and default rates in the determination of the allowance for impaired loans.
- Future interest, recovery and default rates in the determination of the liability for student loans.

Changes in these assumptions could materially impact the amounts reported in these financial statements.

Note 10 discloses additional information on the liability for student loans issued.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, accounts payable, accrued liabilities and unearned revenue are estimated to approximate their carrying values because of the short term nature of these instruments. The fair value of long-term debt approximates its carrying value as interest rates approximate the market value. The fair values of loans receivable and liability for student loans issued are not reported as there is no organized financial market for these instruments and it is not practicable within constraints of timeliness or cost to estimate the fair values with sufficient reliability.

Note 3

Reporting Change

The Ministry of Advanced Education and Technology was established in December 2006 as a result of government restructuring. In addition, the Ministry's reporting entity has expanded to include the Public Post-Secondary Institutions (see Note 11). Comparative figures for 2006 have been restated as if the Ministry had always been assigned its current responsibilities.

The following is a summary of the effects of the reporting changes on the 2006 consolidated financial statements:

(in thousands)	Advanced Education	Innovation and Science	Infrastructure and Transportation	Other	Inclusion of Public Post-Secondary Institutions	As Restated
	(a)	(a)	(b)	(c) (d) (e)	(f)	
Revenues	$ 281,348	$ 101,595	$ 16,000	$ (220)	$ 289,959	$ 688,682
Expenses	1,722,781	199,051	107,009	(2,596)	—	2,026,245
Net Operating Results	(1,441,433)	(97,456)	(91,009)	2,376	289,959	(1,337,563)
Net Transfers from General Revenues	1,496,606	126,478	89,469	(2,381)	—	1,710,172
Net Assets (Liabilities) at March 31, 2005	81,385	(19,289)	—	88	2,102,501	2,164,685
Net Assets at March 31, 2006	$ 136,558	$ 9,733	$ (1,540)	$ 83	$ 2,392,460	$ 2,537,294

a. The responsibility for the Ministry of Innovation and Science and the Ministry of Advanced Education were transferred to the Ministry of Advanced Education and Technology on December 15, 2006 (O.C. 637/2006).

b. Effective April 1, 2006 the Ministry assumed responsibility from the Department of Infrastructure and Transportation for reporting costs of post-secondary facilities infrastructure.

c. The International Qualifications Assessment Services program was transferred from the Ministry of Advanced Education to the Ministry of the Employment, Immigration and Industry on December 15, 2006 (O.C. 637/2006).

d. Responsibility for the Standing Policy Committee on Learning and Employment program was transferred from the Ministry of Advanced Education and Technology to the Ministry of the Employment, Immigration and Industry on January 23, 2007 (O.C. 24/2007).

e. Effective April 1, 2006, the Ministry assumed responsibility from the Department of Economic Development for reporting costs of a shared research program and the Ministry transferred the responsibility to the Department of Restructuring and Government Efficiency for reporting shared services.

f. Effective for the 2007 fiscal year, the Ministry expanded its reporting entity to include the accounts of Public Post-Secondary Institutions in its consolidated financial statements on a modified equity basis (see Note 2(b) and Note 11). Previously, the financial results of the Public Post-Secondary Institutions were included in the Government of Alberta Consolidated Financial Statements.

Note 4

Cash

The cash balance consists of the following:

(in thousands)	2007	2006 (Restated - see Note 3)
Alberta Research Council Inc.	$ 12,141	$ 9,503
Access to the Future Fund	9,839	11,262
Department of Advanced Education and Technology	5,831	4,316
ICORE Inc.	123	106
	$ 27,934	$ 25,187

Note 5 Accounts Receivable

(in thousands)	2007 Gross Amount	2007 Allowance for Doubtful Accounts	2007 Net Realizable Value	2006 Net Realizable Value
				(Restated - see Note 3)
Commercial	$ 14,508	$ (786)	$ 13,722	$ 12,593
Government of Canada	11,986	—	11,986	11,272
Other	1,682	—	1,682	1,115
Accrued Interest Receivable on Loans	1,253	—	1,253	784
Alberta Government Departments and Agencies	698	—	698	1,678
	$ 30,127	$ (786)	$ 29,341	$ 27,442

Accounts receivable are unsecured and reported at their net realizable value.

Note 6 Loans Receivable

(in thousands)	2007	2006
Loans Receivable	$ 260,000	$ 240,362
Less:		
Allowance for Loan Relief		
Completion Payments	(46,318)	(54,191)
Allowance for Impaired Loans	(25,510)	(33,621)
	$ 188,172	$ 152,550

Effective August 2001, under the terms of the Alberta Student Loan Program, loans are provided by the Ministry to qualifying students at interest rates prescribed by the Minister of Advanced Education and Technology.

Loans become payable and interest is earned when students discontinue their studies or graduate. Loans bear interest at either a fixed rate of prime plus 5% or floating rate based on prime plus 2.5% and are repayable to a maximum term of 114 months. When loans receivable are classified as impaired, interest ceases to accrue. Loans are unsecured.

Loans receivable are stated at cost net of the allowance for loan relief completion payments and the allowance for impaired loans. Loan relief completion payments on Alberta Student Loans are available to students who complete their studies and have assumed a total combined indebtedness of Canada and Alberta Student Loans exceeding established debt limits.

The allowance for impaired loans is a general provision that estimates the amount of loans receivable that will be impaired. The key assumptions used to determine this provision are default and recovery rates.

Loans receivable are classified as impaired when:

- there is no longer reasonable assurance as to the timely collection of the full amount of principal or interest, or
- the borrower has failed to make payments for a period of 150 days, or
- interest is owing to the Province for a period of 180 days.

Note 7 Tangible Capital Assets

(In thousands)	2007 Land	Building	Equipment	Computer Hardware / Software	Leasehold Improvements	Total	2006 Total
			(a)				(Restated - see Note 3)
Estimated Useful Life	Indefinite	30 years	5-10 years	3-10 years	25 years		
Historical Cost (b)							
Beginning of year	$ 566	$ 2,142	$ 40,547	$ 27,836	$ 9,283	$ 80,374	$ 76,277
Additions	—	—	6,924	5,567	32	12,523	12,540
Disposals including:							
Write-downs	—	—	(2,188)	(106)	—	(2,294)	(2,079)
Impairment	—	—	—	—	—	—	(990)
Transfers	—	—	(945)	(191)	—	(1,136)	(5,374)
Other (c)	—	—	(3,849)	(901)	(8,309)	(13,059)	(12,907)
	566	2,142	40,489	32,205	1,006	76,408	67,467
Accumulated Amortization							
Beginning of year	—	508	29,044	7,884	8,716	46,152	45,764
Amortization expense	—	67	1,458	2,217	42	3,784	3,066
Effect of disposals, including write-downs	—	—	(2,141)	(106)	—	(2,247)	(2,679)
Other (c)	—	—	(3,849)	(901)	(8,309)	(13,059)	(12,907)
	—	575	24,512	9,094	449	34,630	33,244
Net Book Value at March 31, 2007	$ 566	$ 1,567	$ 15,977	$ 23,111	$ 557	$ 41,778	
Net Book Value at March 31, 2006	$ 566	$ 1,634	$ 11,501	$ 19,954	$ 568		$ 34,223

(a) Equipment includes office equipment, furniture and fixtures.

(b) Historical cost included work-in-progress at March 31, 2007 totaling $18,250 (2006 - $13,684) comprised of: computer software development projects.

(c) Includes capital assets from discontinued operations.

Note 8 Accounts Payable and Accrued Liabilities

(In thousands)	2007	2006
		(Restated - see Note 3)
Accounts Payable	$ 41,658	$ 16,369
Accrued Liabilities:		
Vacation	8,141	7,449
Other	19,778	14,102
Advances from Government of Canada	66,749	38,336
	$ 136,326	$ 76,256

Note 9 Unearned Revenue

(In thousands)	2007	2006
		(Restated - see Note 3)
Unearned Revenue:		
Federal Post-Secondary Education Infrastructure Trust	$ 50,731	$ —
Other	8,709	7,258
	$ 59,440	$ 7,258

Note 10 Liability for Student Loans Issued

(in thousands)

Prior to August 2001, financial institutions issued loans under guaranteed and non-guaranteed risk share initiatives to Alberta students. These student loans result in a liability to the government for loan relief completion payments, interest, guarantees and risk premium. The liability for these loans was recognized in the year the financial institutions issued the loans and is re-evaluated each year to reflect changes in assumptions or new information. The liability for student loans issued by the financial institutions is declining as loans are currently being issued directly from the Department. The total liability associated with the financial institution loans is currently estimated at $5,422 (2006 - $9,241).

As of March 31, 2007, the outstanding Alberta Student Loans issued by the financial institutions to Alberta Students amounted to $124,715 (2006 - $158,000). The government fully guarantees $15,457 (2006 - $22,000) of these outstanding loans.

Note 11 Equity in Public Post-Secondary Institutions

(in thousands)	2007	2006 (Restated - see Note 3)
Equity at beginning of year	$ 2,392,460	$ 2,102,501
Transfers from government sector entities	2,239,570	1,760,743
Other income	1,424,653	1,615,736
Total income	3,664,223	3,376,479
Total expenses	3,435,306	3,198,564
Net income	228,917	177,915
Contributions to endowment	143,289	112,044
Increase in equity for the year	372,206	289,959
Equity at end of year	$ 2,764,666	$ 2,392,460
Represented by		
Assets		
Cash and temporary investments	$ 1,089,880	$ 628,902
Due from government sector entities	42,334	36,606
Investments	1,733,659	1,476,829
Tangible assets	3,877,902	3,584,889
Accounts receivable and other assets	395,472	358,879
	7,139,247	6,086,105
Liabilities		
Accounts payable and accrued liabilities	405,591	282,841
Debt held by government sector entities	381,086	220,364
Other liabilities and unmatured debt	145,513	316,412
Deferred contributions (a)	770,427	571,143
Deferred capital contributions (a)	262,310	87,134
Unamortized deferred capital contributions (a)	2,409,654	2,215,751
	4,374,581	3,693,645
	$ 2,764,666	$ 2,392,460
Contractual Obligations (b)	$ 1,019,804	$ 948,548
Contingent Liabilities	$ 17,700	$ —

(a) Public post-secondary institutions follow the deferral method of accounting where contributions are deferred until the related expenses or capital investment occurs.

(b) Contractual obligations of the Public Post-secondary Institutions are comprised of $126,145 in Service Contracts, $864,656 in Capital Construction Contracts and $29,003 in Long-term Leases. The Department has grant commitments to fund some of these projects.

Note 12

Contractual Obligations

(in thousands)	2007	2006 (Restated - see Note 3)
Department	$ 859,922	$ 1,263,387
Alberta Research Council Inc.	324	374
iCORE Inc.	20,453	18,761
Access to the Future Fund	16,500	71,816
	$ 897,199	$ 1,354,338

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

(in thousands)	2007 Service Contracts	Grants	Uncashed Loans	Computer Development	Total	2006 Total (Restated - see Note 3)
2007	$ —	$ —	$ —	$ —	$ —	$ 387,313
2008	9,005	613,644	3,073	9,907	635,629	505,996
2009	4,182	236,387	—	1,515	242,084	356,715
2010	475	14,307	—	—	14,782	68,314
Thereafter	27	4,677	—	—	4,704	36,000
	$ 13,689	$ 869,015	$ 3,073	$ 11,422	$ 897,199	$ 1,354,338

Contractual obligations for the Public Post-Secondary Institutions are not included in the above; additional information on the contractual obligations for the Public Post-Secondary Institutions can be found in Note 11.

Note 13

Contingent Liabilities

(in thousands)

At March 31, 2007, the Ministry of Advanced Education and Technology is a defendant in four legal claims (2006 Restated - See Note 3 - four legal claims). Three of these claims have specified amounts totaling $53,400 (2006 Restated - See Note 3 - $53,400). The value of the fourth claim is unknown at this time.

The resulting loss, if any, from these claims can not be determined.

Contingent Liabilities for the Public Post-Secondary Institutions are not included with the Ministry's contingent liabilities. Additional information on contingent liabilities for the Public Post-Secondary Institutions can be found in Note 11.

Note 14

Payments under Agreement

(in thousands)

The Department has entered into agreements to deliver programs that are fully funded by the Government of Canada. Costs incurred under these agreements are made by the Ministry under authority of the *Financial Administration Act*, Section 25. Accounts receivable includes $8,851 (2006 - $7,767) and accounts payable and accrued liabilities includes $4,524 (2006 - $2,211) relating to payments under agreement.

Amounts paid and payable under agreements on behalf of the Government of Canada:

(in thousands)	2007	2006
Canadian Millennium Scholarship Foundation		
Canadian Millennium Scholarships	$ 27,203	$ 26,839
Government of Canada		
Canada Study Grants	7,309	8,692
Canada Access Grants	4,455	3,964
French Minority Language Education and French Second Language Instruction	5,813	1,628
	$ 44,780	$ 41,123

Note 15

Defined Benefit Plans

(in thousands)

Ministry Pension Plans

The Ministry participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $6,527 for the year ended March 31, 2007 (2006 Restated - See Note 3 - $5,980).

At December 31, 2006, the Management Employees Pension Plan reported a deficiency of $6,765 (2005 -$165,895) and the Public Service Pension Plan reported a surplus of $153,024 (2005 - $187,704). At December 31, 2006, the Supplementary Retirement Plan for Public Service Managers had a surplus of $3,698 (2005 - $10,018).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2007, the Bargaining Unit Plan reported an actuarial surplus of $153 (2006 - $8,699) and the Management, Opted Out and Excluded Plan an actuarial surplus of $10,148 (2006 - $8,309). The expense for these two plans is limited to employer's annual contributions for the year.

Universities Academic Pension Plan

The Universities Academic Pension Plan (UAPP) is a multiemployer defined benefit pension plan for academic staff and other members (Employees) of the Universities of Alberta, Calgary and Lethbridge, Athabasca University and the Banff Centre for Continuing Education (Employers).

UAPP reported an unfunded liability at December 31, 2006. Responsibility for the unfunded liability is shared amongst the Government of Alberta, the Employees and the Employers. The Government of Alberta's responsibility is limited to a portion of the pre-1992 unfunded liability whereas the Employer and Employees share equally in the balance of any pre- or post-1992 deficiencies.

At March 31, 2007 the Government of Alberta estimated their share of the pre-1992 deficiency to be $196,000 (2006 - $190,000) reporting this amount in the consolidated financial statements of the province of Alberta. The Employees and Employers shared equally in the remaining unfunded liability which is estimated to be approximately $27,900 (2006 - $214,900). As participants in a multiemployer defined benefit plan, the universities do not record their portion of the unfunded liability in their financial statements.

The Annual Report of the Universities Academic Pension Plan contains additional information.

Note 16

Comparative Figures

Certain 2006 figures have been reclassified to conform to the 2007 presentation.

Note 17

Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedules to the Consolidated Financial Statements

for the year ended March 31, 2007

Schedule 1

Revenues

(in thousands)	2007 Budget	2007 Actual	2006 Actual (Restated - see Note 3)
Internal Government Transfers			
Lottery Fund	$ 103,957	$ 103,957	$ 97,238
Alberta Heritage Scholarship Fund	25,452	24,921	22,850
Access to the Future Fund	33,750	39,560	11,250
	163,159	168,438	131,338
Transfers from Government of Canada			
Canada Social Transfers	243,986	175,105	210,726
Canada Student Loans Administration	1,781	1,102	1,843
Post-Secondary Education Infrastructure Trust	—	50,577	—
Other	8,380	781	1,485
	254,147	227,565	214,054
Investment Income			
Interest on Student Loans Issued	8,000	7,858	5,695
Other	500	2,469	661
	8,500	10,327	6,356
Premiums, Fees and Licenses			
Marketing Apprenticeship	5,000	6,530	4,399
Trade School License Fee	160	158	163
Other	49	56	—
	5,209	6,744	4,562
Increase in Equity in Public Post-Secondary Institutions			
Increase in Equity in Public Post-Secondary Institutions	—	372,206	289,959
	—	372,206	289,959
Other Revenue			
Contract Revenue	42,458	45,200	38,843
Refunds of Expenditure	—	3,441	3,507
Miscellaneous	2,526	141	63
	44,984	48,782	42,413
	$ 475,999	$ 834,062	$ 688,682

Schedule 2

Expenses - Directly Incurred Detailed by Object

(in thousands)	2007 Budget	2007 Actual	2006 Actual (Restated - see Note 3)
Grants	$ 2,155,318	$ 2,330,516	$ 1,851,445
Salaries, Wages and Employee Benefits	95,291	92,688	84,568
Supplies and Services	81,215	66,926	63,665
Amortization of Capital Assets	7,425	3,784	3,066
Other	250	238	508
Valuation Adjustments			
Provision for Future Costs of Student Loans Issued	44,345	15,671	24,602
Valuation Adjustment and Other Provisions	5	541	336
	2,383,849	2,510,364	2,028,190
Less:			
Recoveries from Support Service Arrangements with Related Parties (a)	—	(1,785)	(1,900)
	$ 2,383,849	$ 2,508,579	$ 2,026,290

(a) The Ministry provides information technology support services to the Ministry of Employment, Immigration and Industry $1,785 (2006- $1,900). Costs for these services are recovered from the Ministry.

Schedule 3

Budget

(in thousands)	2007 Estimates	Adjustments	Authorized Supplementary	Authorized Budget
	(a)		(b)	
Revenues				
Internal Government Transfers	$ 163,159	$ —	$ —	$ 163,159
Transfers from Government of Canada	254,147	—	—	254,147
Investment Income	8,500	—	—	8,500
Premiums, Fees and Licenses	5,209	—	1,500	6,709
Increase in Equity in Public Post-Secondary Institutions	—	—	—	—
Other Revenue	44,984	—	—	44,984
	475,999	—	1,500	477,499
Expenses - Directly Incurred				
Assistance to Post-Secondary Institutions	1,597,039	—	66,200	1,663,239
Access to the Future Fund	45,000	—	—	45,000
Post-Secondary Facilities Infrastructure	277,143	—	118,300	395,443
Support to Post-Secondary Learners	176,352	—	(45,085)	131,267
Alberta Centennial Education Savings Plan	19,500	—	(11,325)	8,175
Apprenticeship Delivery	27,129	—	1,500	28,629
Innovation Capacity	68,888	—	25,000	93,888
Innovation Implementation	27,639	—	(1,200)	26,439
Alberta Research Council Inc.	68,451	—	—	68,451
iCORE Inc.	11,438	—	—	11,438
Ministry Support Services	26,513	—	(1,000)	25,513
Program Delivery Support	38,757	—	—	38,757
Dedicated Revenue Shortfalls	—	(1,760)	—	(1,760)
Ministry Expense	2,383,849	(1,760)	152,390	2,534,479
Gain (Loss) on Disposal of Tangible Assets	—	—	—	—
Write-down of Tangible Capital Assets	—	—	—	—
Ministry Net Operating Results	$(1,907,850)	$ 1,760	$ (150,890)	$(2,056,980)
Equipment and Inventory Purchases	$ 10,376	$ —	$ —	$ 10,376

(a) Estimates have been restated to reflect the following:

- $0.996 million transfer to the Ministry of Employment, Immigration and Industry and $0.2 million transfer to the Ministry of Treasury Board as a result of the Government Reorganization announced on December 13, 2006 (Note 3), and
- $4.0 million transfer of appropriation from Alberta Infrastructure and Transportation for emerging capital purposes.

(b) Supplementary estimates were approved on September 8, 2006 and March 23, 2007. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for dedicated revenue initiatives).

Schedule 4

Funding Provided to Post-Secondary Institutions

(in thousands)	2007 Base Operating Grants	Other Operating Grants [a]	Grants for Infrastructure	Total
Public Post-Secondary Institutions				
Public Colleges				
Alberta College of Art and Design	$ 9,582	$ 1,003	$ 340	$ 10,925
Bow Valley College	21,792	4,144	9,518	35,454
Grande Prairie Regional College	18,962	1,626	470	21,058
Grant MacEwan College	59,863	34,990	29,589	124,442
Keyano College	25,731	4,905	23,757	54,393
Lakeland College	24,977	4,786	3,964	33,727
Lethbridge College	28,781	9,277	5,815	43,873
Medicine Hat College	20,526	5,267	1,523	27,316
Mount Royal College	54,002	22,062	1,210	77,274
NorQuest College	24,911	5,469	238	30,618
Northern Lakes College	21,720	2,775	938	25,433
Olds College	18,248	4,357	7,970	30,575
Portage College	15,279	3,290	4,416	22,985
Red Deer College	29,846	15,350	27,136	72,332
Technical Institutes				
Northern Alberta Institute of Technology	119,869	38,285	19,669	177,823
Southern Alberta Institute of Technology	96,034	25,473	2,732	124,239
Universities				
Athabasca University	26,365	5,545	142	32,052
University of Alberta	403,643	98,228	99,074	600,945
University of Calgary	275,707	48,401	100,223	424,331
University of Lethbridge	63,831	15,599	14,934	94,364
Banff Centre				
The Banff Centre for Continuing Education	12,845	1,283	34,485	48,613
Total Public Post-Secondary Institutions	$ 1,372,514	$ 352,115	$ 388,143	$ 2,112,772
Private Colleges and Vocational Schools				
Private Colleges				
Alliance University College	$ 942	$ 183	$ —	$ 1,125
Canadian Nazarene University College	935	352	—	1,287
Canadian University College	2,188	176	—	2,364
Concordia University College of Alberta	7,769	1,231	—	9,000
St. Mary's University College	1,604	462	—	2,066
Taylor University College and Seminary	1,249	187	—	1,436
The King's University College	2,996	521	—	3,517
Private Vocational Schools				
Columbia College	—	62	—	62
Total Private Colleges and Vocational Schools	$ 17,683	$ 3,174	$ —	$ 20,857

(a) Includes programs such as Enrolment Planning Envelope, Performance Envelope, Research Grants and Access to the Future Fund.

Schedule 5

Statement of Alberta Heritage Scholarship Fund Expenses

(in thousands)

The Alberta Heritage Scholarship Fund is designed to reward Albertans for excellence and outstanding achievement.

Under the *Alberta Heritage Scholarship Act*, the Minister of Advanced Education and Technology is responsible for the administration of scholarships, while the Provincial Treasurer is responsible to hold and administer the Fund. Scholarship payments from the Fund are made from the investment earning on the Fund assets. The endowment and retained earnings of the Fund total $576,215 (2006 - $520,907). The financial statements of the Fund are included in the annual report of the Ministry of Finance.

	Actual				Cumulative	
	2007		2006		1981 - 2007	
(Expenses in thousands)	Number of Recipients	Expenses	Number of Recipients	Expenses	Number of Recipients	Expenses
Rutherford	9,663	$ 19,912	9,845	$ 18,516	157,735	$ 225,175
McKinney	966	2,415	931	2,326	21,784	56,503
Lougheed	30	265	15	265	541	7,503
Steinhauer	30	265	15	265	531	7,166
United World College	16	424	16	419	216	5,090
Other Heritage Scholarships	1,205	1,640	788	1,059	11,322	28,202
	11,910	$ 24,921	11,610	$ 22,850	192,139	$ 329,639

The Alberta Heritage Scholarship Fund is designed to reward Albertans for excellence and outstanding achievement. Alberta Heritage Scholarship Fund expenses of $24,921 (2006 - $22,850) are included in Support to Post-Secondary Learners on the Consolidated Statement of Operations.

Schedule 6

Voted Non-Budgetary Disbursements by Program

	2007		2006
(in thousands)	Budget	Actual	Actual
Support for Adult Learners			
Cost of Student Loans Issued:			
Student Loans Servicing Cost	$ 6,200	$ 2,945	$ 2,312
Loan Relief Completion Payments	1,100	220	959
Student Loan Disbursements	96,600	83,604	77,541
	$ 103,900	$ 86,769	$ 80,812

Non-budgetary disbursements represent payments during the year which are applied against the liability for student loans and financing of Alberta student loans.

Schedule 7

Related Party Transactions

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Ministry had the following transactions with related parties are recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

(in thousands)	Other Entities	
	2007	2006 (Restated - see Note 3)
Revenues		
Grants	$ 295,236	$ 283,246
Other	13,004	6,252
	$ 308,240	$ 289,498
Expenses - Directly Incurred		
Grants	$ 4,668	$ 33,298
Other Services	26,085	5,409
	$ 30,753	$ 38,707
Tangible Capital Assets Transferred	$ 1,136	$ 5,374
Receivables from	$ 15,937	$ 30,253
Payables to	$ 382,111	$ 454,787

The above figures include related party transactions for the Public Post-Secondary Institutions with other entities in the Government of Alberta. The effects of these balances are netted in equity in the Public Post-Secondary Institutions on the Statement of Financial Position.

The above transactions do not include support service arrangement transactions disclosed in Schedule 8.

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements. Accommodation and Legal expenses incurred by others are disclosed in Schedule 8.

(in thousands)	2007	2006 (Restated - see Note 3)
Expenses - Incurred by Others		
Accommodation	$ 23,835	$ 20,887
Legal	220	296
Air Transportation Services / Executive Vehicle	86	199
Shared Services	2,810	2,496
	$ 26,951	$ 23,878

Schedule 8

Allocated Costs

(in thousands)	2007				2006
		Expenses - Incurred by Others			
	Expenses	Accommodation Costs	Legal Services	Total Expenses	Total Expenses
Program	(a)	(b)	(c)		(Restated - see Note 3)
Assistance to the Post-Secondary Institutions	$ 1,677,538	$ —	$ —	$ 1,677,538	$ 1,445,090
Post-Secondary Facilities Infrastructure	395,441	—	—	395,441	187,509
Support to Post-Secondary Learners	109,823	1,319	17	111,159	121,771
Innovation Capacity	92,193	498	82	92,773	72,536
Alberta Research Council Inc.	64,236	16,642	—	80,878	76,965
Access to the Future Fund	42,503	—	—	42,503	—
Program Delivery Support	38,757	933	2	39,692	35,113
Apprenticeship Delivery	24,560	2,427	35	27,022	25,182
Ministry Support Services	23,131	1,730	56	24,917	21,195
Innovation Implementation	21,809	286	28	22,123	48,049
iCORE Inc.	10,865	—	—	10,865	11,262
Alberta Centennial Education Savings Plan	7,723	—	—	7,723	2,801
	$ 2,508,579	$ 23,835	$ 220	$ 2,532,634	$ 2,047,473

(a) Expenses – Directly Incurred as per Statement of Operations. Support to post-secondary learners includes provision for future costs of student loans issued and Alberta Centennial Education Savings Plan (ACES).

(b) Costs shown for Accommodation on Schedule 7 are allocated based on proportion of full time employees.

(c) Costs shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

Department of Advanced Education and Technology
Financial Statements
March 31, 2007

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AUDITOR GENERAL *Alberta*

Auditor's Report

To the Minister of Advanced Education and Technology

I have audited the statement of financial position of the Department of Advanced Education and Technology as at March 31, 2007 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

original signed by

Fred J. Dunn, FCA
Auditor General

Edmonton, Alberta
May 22, 2007

Statement of Operations

for the year ended March 31, 2007

(in thousands)	2007 Budget	2007 Actual	2006 Actual
	(Schedule 4)		(Restated - see Note 3)
Revenues (Schedule 1)			
Internal Government Transfers	$ 129,409	$ 128,878	$ 120,088
Transfers from Government of Canada	254,147	227,565	214,054
Investment Income	8,000	7,858	5,767
Premiums, Fees and Licenses	5,209	6,744	4,562
Other Revenue	2,526	8,203	3,705
	399,291	379,248	348,176
Expenses - Directly Incurred (Note 2b & Schedules 3 & 5)			
Voted			
Assistance to Post-Secondary Institutions	1,597,039	1,677,538	1,444,245
Post-Secondary Facilities Infrastructure	277,143	395,441	187,509
Innovation Capacity	80,326	103,038	83,363
Support to Post-Secondary Learners	106,550	68,690	72,704
Innovation Implementation	55,989	50,159	74,002
Program Delivery Support	38,757	38,757	35,113
Apprenticeship Delivery	27,129	24,560	23,203
Ministry Support Services	26,513	23,131	20,081
	2,209,446	2,381,314	1,940,220
Statutory			
Alberta Heritage Scholarships	25,452	24,921	22,850
Alberta Centennial Education Savings Plan	19,500	7,723	2,801
Valuation Adjustments			
Provision for Future Cost of Student Loans Issued	44,345	15,671	24,602
Valuation Adjustments and Other Provisions	5	541	336
	89,302	48,856	50,589
Total Voted and Statutory Expense	2,298,748	2,430,170	1,990,809
Gain on Disposal of Tangible Capital Assets	—	—	40
Net Operating Results	$(1,899,457)	$(2,050,922)	$(1,642,593)

The accompanying notes and schedules are part of these financial statements.

Statement of Financial Position

as at March 31, 2007

(in thousands)	2007	2006 (Restated - see Note 3)
Assets		
Cash	$ 5,830	$ 4,316
Accounts Receivable (Note 4)	14,934	13,191
Loans Receivable (Note 5)	188,172	152,550
Tangible Capital Assets (Note 6)	21,543	19,729
	$ 230,479	$ 189,786
Liabilities		
Accounts Payable and Accrued Liabilities (Note 7)	$ 120,915	$ 63,766
Unearned Revenue (Note 8)	52,346	1,006
Deferred Contributions	817	697
Liability for Student Loans Issued (Note 9)	5,422	9,241
	179,500	74,710
Net Assets		
Net Assets at Beginning of Year	115,076	43,119
Net Operating Results	(2,050,922)	(1,642,593)
Net Transfer from General Revenues	1,986,825	1,714,550
Net Assets at End of Year	50,979	115,076
	$ 230,479	$ 189,786

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

for the year ended March 31, 2007

(in thousands)	2007	2006
		(Restated - see Note 3)
Operating Transactions		
Net Operating Results	$(2,050,922)	$(1,642,593)
Non-cash Items included in Net Operating Results		
Amortization	2,103	1,288
Gain on Disposal of Tangible Capital Assets	—	(40)
Provision for Future Cost of Student Loans Issued	15,671	24,602
Valuation Adjustments and Other Provisions	541	336
	(2,032,607)	(1,616,407)
Net Change in Liability for Student Loans Issued	(1,522)	(1,530)
Increase in Accounts Receivable	(1,743)	(1,787)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	56,608	(50,323)
Decrease in Holdback Liability	—	(485)
Increase in Unearned Revenue	51,340	444
Increase in Deferred Contributions	120	67
Applied to Operating Transactions	(1,927,804)	(1,670,021)
Capital Transactions		
Acquisition of Tangible Capital Assets	(5,053)	(5,856)
Capital Assets Transferred to Other Ministries	1,136	996
Applied to Capital Transactions	(3,917)	(4,860)
Investing Transactions		
Net Change in Loans Receivable	(53,590)	(54,445)
Applied to Investing Transactions	(53,590)	(54,445)
Financing Transactions		
Net Transfer from General Revenues	1,986,825	1,714,550
Increase (Decrease) in Cash	1,514	(14,776)
Cash, Beginning of Year	4,316	19,092
Cash, End of Year	$ 5,830	$ 4,316

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements

March 31, 2007

Note 1

Authority and Purpose

The Department of Advanced Education and Technology operates under the authority of the *Government Organization Act*, Chapter G-10, revised Statutes of Alberta 2000.

In support of Alberta's vision, Advanced Education and Technology's purpose is to assist Alberta to be a learning and innovative society.

Note 2

Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Reporting Entity

The reporting entity is the Department of Advanced Education and Technology, which is part of the Ministry of Advanced Education and Technology and for which the Minister of Advanced Education and Technology is accountable. Other entities reporting to the Minister are the Access to the Future Fund (AFF), the Alberta Research Council Inc. (ARC) and the Informatics Circle of Research Excellence Inc. (iCORE). Entities accountable to the Minister are the Public Post-Secondary Institutions (universities, technical institutes, public colleges and the Banff Centre for Continuing Education). The activities of iCORE, ARC, AFF and the Public Post-Secondary Institutions are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Transfers from Government of Canada

Transfers from Government of Canada are recognized as revenues when authorized by federal legislation or federal/provincial agreements, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made. Overpayments relating to Canada Social Transfer entitlements and transfers received before revenue recognition criteria have been met are included in accounts payable and accrued liabilities.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If budgeted revenues are not fully realized, spending is reduced by an equivalent amount. If actual dedicated revenues exceed budget, the Department may, with approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

Note 2

Summary of Significant Accounting Policies and Reporting Practices (continued)

In addition to program operating expenses such as salaries and supplies, directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances are used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to student loans, vacation pay and project abandonment.

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Incurred by Others

Services contributed by other entities in support of the Department operations are disclosed in Schedule 8.

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees, students and other individuals.

Loans receivable are recorded at cost net of the allowance for loan relief completion payments and the allowance for impaired loans.

Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future. They include the Department's obligations for future payments under the *Student Financial Assistance Act* for guarantees, remissions, risk premiums and interest.

Net Assets

Net assets represent the difference between the carrying value of assets held by the Department and its liabilities.

Measurement Uncertainty

(in thousands)

Measurement uncertainty exists when there is variance between the recognized or disclosed amount and another reasonably possible amount.

The liability for student loans issued amounting to $5,422 (2006 - $9,241), the allowance for loan relief completion payments amounting to $46,318 (2006 - $54,191) and the allowance for impaired loans amounting to $25,510 (2006 - $33,621).

The Department has made certain estimates in the following areas:

- The number of students exceeding their maximum debt limit in determining the allowance for loan relief completion payments.
- Recovery and default rates in the determination of the allowance for impaired loans.
- Future interest, recovery and default rates in the determination of the liability for student loans.

Changes in these estimates could materially impact the liability for student loans issued, the allowance for loan relief completion payments and the allowance for impaired loans. Note 9 discloses information on the liability for student loans issued.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, accounts payable and accrued liabilities and unearned revenue are estimated to approximate their carrying values because of the short-term nature of these instruments.

The fair values of loans receivable and liability for student loans issued are not reported as there is no organized financial market for all of the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair values with sufficient reliability.

Note 3

Government Reorganization

The Department of Advanced Education and Technology was established as a result of a restructuring of government ministries announced on December 13, 2006 and other transfers of responsibilities to and from other departments. Comparative figures for 2006 have been restated as if the Department had always been assigned with its current responsibilities. Net assets on March 31, 2005 are made up as follows:

Program Transfer

(in thousands)	
Net assets from the former Department of Advanced Education	$ 81,385
Net liabilities from the former Department of Innovation and Science	(38,354)
Transfer to the Department of Employment, Immigration and Industry	88
Net assets at March 31, 2005	$ 43,119

As a result of government restructuring, the following changes in the responsibility were made:

- The Department of Innovation and Science and the Department of Advanced Education were transferred to the Department of Advanced Education and Technology on December 15, 2006 (O.C. 637/2006).
- The International Qualifications Assessment Services program was transferred from the Department of Advanced Education to the Department of the Employment, Immigration and Industry on December 15, 2006 (O.C. 637/2006).
- Responsibility for the Standing Policy Committee on Learning and Employment program was transferred from the Department of Advanced Education and Technology to the Department of the Employment, Immigration and Industry on January 23, 2007 (O.C. 24/2007).

Note 4

Accounts Receivable

(in thousands)	2007	2006 (Restated - see Note 3)
Government of Canada	$ 11,986	$ 11,272
Accrued Interest Receivable on Loans	1,253	784
Other	1,695	1,135
	$ 14,934	$ 13,191

Accounts receivable are unsecured and non-interest bearing.

Note 5

Loans Receivable

(in thousands)	2007	2006
Loans Receivable	$ 260,000	$ 240,362
Less:		
Allowance for Loan Relief		
Completion Payments	(46,318)	(54,191)
Allowance for Impaired Loans	(25,510)	(33,621)
	$ 188,172	$ 152,550

Effective August 2001, under the terms of the Alberta Student Loan Program, loans are provided by the Department to qualifying students at interest rates prescribed by the Minister of Advanced Education and Technology.

Loans become payable and interest is earned when students discontinue their studies or graduate. Loans bear interest at either a fixed rate of prime plus 5% or floating rate based on prime plus 2.5% and are repayable to a maximum term of 114 months. When loans receivable are classified as impaired, interest ceases to accrue. Loans are unsecured.

Loans receivable are stated at cost net of the allowance for loan relief completion payments and the allowance for impaired loans. Loan relief completion payments on Alberta Student Loans are available to students who complete their studies and have assumed a total combined indebtedness of Canada and Alberta Student Loans exceeding established debt limits.

The allowance for impaired loans is a general provision that estimates the amount of loans receivable that will be impaired. The key assumptions used to determine this provision are default and recovery rates.

Loans receivable are classified as impaired when:

- there is no longer reasonable assurance as to the timely collection of the full amount of principal or interest, or
- the borrower has failed to make payments for a period of 150 days, or
- interest is owing to the Province for a period of 180 days.

Note 6

Tangible Capital Assets

(in thousands)	2007			2006
	Equipment (a)	Computer Hardware and Software	Total	Total (Restated - see Note 3)
Estimated Useful Life	5-10 years	3-10 years		
Historical Cost (b)				
Beginning of year	$ 80	$ 25,377	$ 25,457	$ 20,661
Additions	967	4,086	5,053	5,856
Disposals, including write-downs	—	—	—	(64)
Transfers to Alberta Government Departments and Agencies	(945)	(191)	(1,136)	(996)
	102	29,272	29,374	25,457
Accumulated Amortization				
Beginning of year	14	5,714	5,728	4,545
Amortization expense	13	2,090	2,103	1,288
Effect of disposals	—	—	—	(105)
	27	7,804	7,831	5,728
Net Book Value at March 31, 2007	75	21,468	$ 21,543	
Net Book Value at March 31, 2006	$ 66	$ 19,663		$ 19,729

(a) Equipment includes office equipment.

(b) Historical cost included work-in-progress at March 31, 2007 totaling $15,103 (2006 - $11,829) comprised of: computer software development projects.

Note 7

Accounts Payable and Accrued Liabilities

(in thousands)	2007	2006 (Restated - see Note 3)
Accounts Payable	$ 35,236	$ 11,080
Accrued Liabilities		
Vacation	4,533	4,156
Other	14,397	10,194
Advances from Government of Canada	66,749	38,336
	$ 120,915	$ 63,766

Note 8

Unearned Revenue

(in thousands)	2007	2006 (Restated - see Note 3)
Federal Post-Secondary Education Infrastructure Trust	$ 50,731	$ —
Other	1,615	1,006
	$ 52,346	$ 1,006

Note 9

Liability for Student Loans Issued

(in thousands)

Prior to August 2001, financial institutions issued loans under guaranteed and non-guaranteed risk share initiatives to Alberta students. These student loans result in a liability to the government for loan relief completion payments, interest, guarantees and risk premium. The liability for these loans was recognized in the year the financial institutions issued the loans and is re-evaluated each year to reflect changes in assumptions or new information. The liability for student loans issued by the financial institutions is declining as loans are currently being issued directly from the Department. The total liability associated with the financial institution loans is currently estimated at $5,422 (2006 - $9,241).

As of March 31, 2007, the outstanding Alberta Student Loans issued by the financial institutions to Alberta Students amounted to $124,715 (2006 - $158,000). The government fully guarantees $15,457 (2006 - $22,000) of these outstanding loans.

Note 10

Contractual Obligations

(in thousands)	2007	2006 (Restated - see Note 3)
Service Contracts	$ 13,365	$ 16,742
Capital and Operating Grants	832,062	1,236,391
Uncashed Student Loans	3,073	2,396
Computer Systems Development	11,422	7,858
	$ 859,922	$ 1,263,387

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

(in thousands)	Service Contracts	Capital & Operating Grants	Uncashed Student Loans	Computer Systems Development	Total
2008	$ 8,862	$ 589,728	$ 3,073	$ 9,907	$ 611,570
2009	4,062	229,876	—	1,515	235,453
2010	425	9,634	—	—	10,059
Thereafter	16	2,824	—	—	2,840
	$ 13,365	$ 832,062	$ 3,073	$ 11,422	$ 859,922

Note 11 Contingent Liabilities

(in thousands)

At March 31, 2007, the Department of Advanced Education and Technology is a defendant in two legal claims (2006 Restated - See Note 3 - two legal claims). These claims have specified amounts totaling $51,200 (2006 Restated - See Note 3 two claims with specified amounts totaling $51,200). The resulting loss, if any, from these claims cannot be determined.

Note 12 Payments Under Agreement

(in thousands)

The Department has entered into agreements to deliver programs that are fully funded by the Government of Canada. Costs incurred under these agreements are made by the Department under authority of the *Financial Administration Act*, Section 25. Accounts receivable includes $8,851 (2006 - $7,767) and accounts payable and accrued liabilities includes $4,524 (2006 - $2,211) relating to payments under agreement.

Amounts paid and payable under agreements on behalf of the Government of Canada:

(in thousands)	2007	2006
Canadian Millennium Scholarship Foundation		
Canadian Millennium Scholarships	$ 27,203	$ 26,839
Government of Canada		
Canada Study Grants	7,309	8,692
Canada Access Grants	4,455	3,964
French Minority Language Education and French Second Language Instruction	5,813	1,628
	$ 44,780	$ 41,123

Note 13 Defined Benefit Plans

(in thousands)

The Department participates in the multi-employer Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $3,864 for the year ended March 31, 2007 (2006 Restated - See Note 3 - $3,474).

At December 31, 2006, the Management Employees Pension Plan reported a deficiency of $6,765 (2005 - $165,895) and the Public Service Pension Plan reported a surplus of $153,024 (2005 - $187,704). At December 31, 2006, the Supplementary Retirement Plan for Public Service Managers had a surplus of $3,698 (2005 - $10,018).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2007, the Bargaining Unit Plan reported an actuarial surplus of $153 (2006 - $8,699) and the Management, Opted Out and Excluded Plan an actuarial surplus of $10,148 (2006 - $8,309). The expense for these two plans is limited to employer's annual contributions for the year.

Note 14 Comparative Figures

Certain 2006 figures have been reclassified to conform to the 2007 presentation.

Note 15 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedules to the Financial Statements

for the year ended March 31, 2007

Schedule 1

Revenues

(in thousands)	2007 Budget	2007 Actual	2006 Actual (Restated - see Note 3)
Internal Government Transfers			
Alberta Heritage Scholarship Fund	$ 25,452	$ 24,921	$ 22,850
Lottery Fund	103,957	103,957	97,238
	129,409	128,878	120,088
Transfers from Government of Canada			
Canada Social Transfers	243,986	175,105	210,726
Canada Student Loans Administration	1,781	1,101	1,843
Post-Secondary Education Infrastructure Trust	—	50,577	—
Other	8,380	782	1,485
	254,147	227,565	214,054
Investment Income			
Interest on Student Loans Issued	8,000	7,858	5,695
Other	—	—	72
	8,000	7,858	5,767
Premiums, Fees and Licenses			
Marketing Apprenticeship	5,000	6,530	4,399
Trade School License Fee	160	158	163
Other	49	56	—
	5,209	6,744	4,562
Other Revenue			
Refunds of Expenditure	—	3,438	3,289
Miscellaneous	2,526	4,765	416
	2,526	8,203	3,705
	$ 399,291	$ 379,248	$ 348,176

Schedule 2

Dedicated Revenue Initiatives

(in thousands)	2007 Authorized Dedicated Revenues	2007 Actual Dedicated Revenues	2007 (Shortfall) / Excess
Innovation Capacity (a)			
Energy Research	$ 1,160	$ 420	$ (740)
Life Sciences Research	370	—	(370)
Support for Adult Learning (b & d)			
Marketing Apprenticeship	6,500	6,530	30
Program Delivery Support (c)			
Program Delivery Support	2,031	1,351	(680)
	$ 10,061	$ 8,301	$ (1,760)

The revenue of each dedicated revenue initiative is included in the Department's revenue.

(a) The Department receives reimbursements from the Government of Canada for research grants approved under the Western Economic Partnership Agreement.

(b) Marketing Apprenticeship includes providing certain services in designated trades and occupations, including: assessment of competencies in designated occupations; the assessment of individuals' prior work experience, knowledge and skills in a designated trade or occupation (Qualification Certificate Program); and application/record books, prior learning assessments, replacement of certificates in designated trades. It also includes expertise in training and certification programs to other countries; providing consulting services with respect to training and certification to other countries and jurisdictions: and providing apprenticeship seats in Alberta's institution on a cost recovery basis for Yukon, Northwest Territories and Nunavut apprentices.

(c) The dedicated revenues for program delivery support are amounts received from the Government of Canada and the Canadian Millennium Scholarship Foundation (CMSF) to administer the Canada Student Loans, Grants and the Canadian Millennium Scholarship Foundation bursary program.

(d) Approved at the February 6, 2007 Treasury Board meeting. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for dedicated revenue initiatives).

Schedule 3

Expenses - Directly Incurred Detailed by Object

(in thousands)	2007 Budget	2007 Actual	2006 Actual (Restated - see Note 3)
Voted			
Salaries, Wages and Employee Benefits	$ 47,176	$ 45,040	$ 41,957
Supplies and Services	57,909	44,071	42,575
Grants	2,098,794	2,291,697	1,856,063
Other	246	188	237
Amortization of Capital Assets	5,321	2,103	1,288
Total Voted Expenses before Recoveries	2,209,446	2,383,099	1,942,120
Less			
Recoveries from Support Service Arrangements with Related Parties (a)	—	(1,785)	(1,900)
	$ 2,209,446	$ 2,381,314	$ 1,940,220
Statutory			
Grants	$ 44,952	$ 32,644	$ 25,651
Valuation Adjustments			
Provision for Future Cost of Student Loans Issued	44,345	15,671	24,602
Valuation Adjustments and Other Provisions	5	541	336
	$ 89,302	$ 48,856	$ 50,589

(a) The Department provides information technology support services to the Department of Employment, Immigration and Industry $1,785 (2006 - $1,900). Costs for these services are recovered from that Department.

Schedule 4

Budget

(in thousands)	2007 Estimates	Adjustments	Budget	Authorized Supplementary	Authorized Budget
	(a)			(b)	
Revenues					
Internal Government Transfers	$ 129,409	$ —	$ 129,409	$ —	$ 129,409
Transfers from Government of Canada	254,147	—	254,147	—	254,147
Investment Income	8,000	—	8,000	—	8,000
Premiums, Fees and Licenses	5,209	—	5,209	1,500	6,709
Other Revenue	2,526	—	2,526	—	2,526
	399,291	—	399,291	1,500	400,791
Expenses - Directly Incurred					
Voted Operating Expenses					
Ministry Support Services	26,513	—	26,513	(1,000)	25,513
Program Delivery Support	38,757	—	38,757	—	38,757
Assistance to Post-Secondary Institutions	1,597,039	—	1,597,039	66,200	1,663,239
Post-Secondary Facilities Infrastructure	277,143	—	277,143	118,300	395,443
Support to Post-Secondary Learners	106,550	—	106,550	(31,000)	75,550
Apprenticeship Delivery	27,129	—	27,129	1,500	28,629
Innovation Capacity	80,326	—	80,326	25,000	105,326
Innovation Implementation	55,989	—	55,989	(1,200)	54,789
Dedicated Revenue Shortfall (Schedule 2)	—	(1,760)	(1,760)	—	(1,760)
	2,209,446	(1,760)	2,207,686	177,800	2,385,486
Statutory					
Provision for Future Cost of Student Loans Issued	44,345	—	44,345	(14,085)	30,260
Alberta Heritage Scholarships	25,452	—	25,452	—	25,452
Alberta Centennial Education Savings Plan	19,500	—	19,500	(11,325)	8,175
Valuation Adjustments and Other Provisions	5	—	5	—	5
Total Expenses	2,298,748	(1,760)	2,296,988	152,390	2,449,378
Net Operating Results	$(1,899,457)	$ 1,760	$(1,897,697)	$ (150,890)	$(2,048,587)
Equipment and Inventory Purchases (EIP)	$ 4,947	$ —	$ 4,947	$ —	$ 4,947

(a) Estimates have been restated to reflect the following:

- $0.996 million transfer to the Department of Employment, Immigration and Industry and $0.2 million transfer to the Department of Treasury Board as a result of the Government Reorganization announced on December 13, 2006 (Note 3), and
- $4.0 million transfer of appropriation from Alberta Infrastructure and Transportation for emerging capital purposes.

(b) Supplementary estimates were approved on September 8, 2006 and March 23, 2007. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for dedicated revenue initiatives).

Schedule 5

Comparison of Directly Incurred Expenses, Equipment/Inventory Purchases, Statutory Expenses and Non-Budgetary Disbursements by Element to Authorized Budget

(in thousands)		2006-07 Estimates (a)	Adjustments	Authorized Supplementary (b)	2006-07 Authorized Budget	2006-07 Actual Expense (c)	Unexpended (Over-expended)
Voted Operating Expenses and Equipment/Inventory Purchases							
1 Ministry Support Services							
1.0.1	Minister's Office	$ 690	$ —	$ —	$ 690	$ 639	$ 51
1.0.2	Minister's Committees	212	—	—	212	231	(19)
1.0.3	Deputy Minister's Office	977	—	—	977	943	34
1.0.4	Finance and Administrative Services						
	• Operating Expense	8,396	—	(1,000)	7,396	6,127	1,269
	• Equipment/Inventory Purchase	50	—	—	50	65	(15)
1.0.5	Human Resource Services	1,869	—	—	1,869	1,857	12
1.0.6	System-Wide Planning	2,841	—	—	2,841	2,194	647
1.0.7	Information Management and Technology						
	• Operating Expense	7,771	—	—	7,771	7,930	(159)
	• Equipment/Inventory Purchase	917	—	—	917	630	287
1.0.8	Legislative Services	563	—	—	563	443	120
1.0.9	International and Intergovernmental Relations	1,325	—	—	1,325	1,283	42
1.0.10	Communications	1,120	—	—	1,120	920	200
1.0.11	Amortization of Capital Assets	661	—	—	661	457	204
1.0.12	Standing Policy Committee on Education and Employment	88	—	—	88	107	(19)
Sub-Total		27,480	—	(1,000)	26,480	23,826	2,654
2 Program Delivery Support							
2.0.1	Program Delivery Support						
	• Operating Expense	13,895	—	—	13,895	14,115	(220)
	• Equipment/Inventory Purchases	3,000	—	—	3,000	2,913	87
2.0.2	Community Education						
	• Expense	4,086	—	—	4,086	4,840	(754)
	• Expense funded by Lotteries	15,600	—	—	15,600	15,600	—
2.0.3	Learning Television						
	• Expense	353	—	—	353	300	53
	• Expense funded by Lotteries	2,300	—	—	2,300	2,300	—
2.0.4	Amortization of Capital Assets	2,523	—	—	2,523	1,602	921
Sub-Total		41,757	—	—	41,757	41,670	87
3 Assistance to Post-Secondary Institutions							
3.0.1	Private University Colleges	16,037	—	—	16,037	17,700	(1,663)
3.0.2	Technical Institutes	215,659	—	—	215,659	215,936	(277)
3.0.3	Public Colleges	364,311	—	—	364,311	376,970	(12,659)
3.0.4	Universities	757,387	—	—	757,387	769,546	(12,159)
3.0.5	The Banff Centre for Continuing Education	12,773	—	—	12,773	12,845	(72)
3.0.6	Inter-Jurisdiction Programs	6,282	—	—	6,282	6,255	27
3.0.7	Enrolment Planning Envelope	183,120	—	31,700	214,820	213,050	1,770
3.0.8	Performance Envelope	13,000	—	—	13,000	12,995	5
3.0.9	Other Program Support	28,470	—	34,500	62,970	52,241	10,729
Sub-Total		1,597,039	—	66,200	1,663,239	1,677,538	(14,299)

Schedule 5

Comparison of Directly Incurred Expenses, Equipment/Inventory Purchases, Statutory Expenses and Non-Budgetary Disbursements by Element to Authorized Budget (continued)

(in thousands)	2006-07 Estimates	Adjustments	Authorized Supplementary	2006-07 Authorized Budget	2006-07 Actual Expense	Unexpended (Over-expended)
	(a)		(b)		(c)	
Voted Operating Expenses and Equipment/Inventory Purchases						
4 Post-Secondary Facilities Infrastructure						
4.0.1 Post-Secondary Facilities Infrastructure						
• Expense	261,143	—	118,300	379,443	379,441	2
• Expense funded by Lotteries	16,000	—	—	16,000	16,000	—
Sub-Total	277,143	—	118,300	395,443	395,441	2
5 Support to Post-Secondary Learners						
5.0.1 Program Systems Support	11,550	—	(2,200)	9,350	7,378	1,972
5.0.2 Maintenance Grants	10,400	—	(3,900)	6,500	6,284	216
5.0.3 Special Needs Bursary	1,100	—	(200)	900	692	208
5.0.4 Alberta Opportunities Bursary	13,000	—	(2,000)	11,000	10,737	263
5.0.5 Achievement Scholarships						
• Expense	22,900	—	(1,500)	21,400	21,333	67
• Expense funded by Lotteries	3,100	—	—	3,100	3,100	—
5.0.6 Student Loan Relief - Benefit	36,400	—	(17,600)	18,800	14,812	3,988
5.0.7 Rural Incentive Bursary	8,100	—	(3,600)	4,500	4,354	146
Sub-Total	106,550	—	(31,000)	75,550	68,690	6,860
6 Apprenticeship Delivery						
6.0.1 Apprenticeship Delivery Support						
• Operating Expense	19,999	—	—	19,999	18,009	1,990
• Equipment/Inventory Purchases	430	—	—	430	309	121
6.0.2 Market Apprenticeship	5,000	—	1,500	6,500	6,513	(13)
6.0.3 Amortization of Capital Assets	2,130	—	—	2,130	38	2,092
Sub-Total	27,559	—	1,500	29,059	24,869	4,190
7 Innovation Capacity						
7.0.1 Research Capacity						
• Expense	4,891	—	2,000	6,891	9,407	(2,516)
• Expense funded by Lotteries	21,914	—	—	21,914	22,557	(643)
7.0.2 Energy Research						
• Expense	2,407	—	15,000	17,407	12,546	4,861
• Expense funded by Lotteries	19,200	—	—	19,200	19,200	—
7.0.3 Life Sciences Research						
• Expense	2,771	—	8,000	10,771	10,144	627
• Expense funded by Lotteries	14,405	—	—	14,405	14,405	—
7.0.4 Information and Communications Technology Research						
• Expense	3,300	—	—	3,300	3,984	(684)
• Expense funded by Lotteries	11,438	—	—	11,438	10,795	643
Sub-Total	80,326	—	25,000	105,326	103,038	2,288

Schedule 5

Comparison of Directly Incurred Expenses, Equipment/Inventory Purchases, Statutory Expenses and Non-Budgetary Disbursements by Element to Authorized Budget (continued)

(in thousands)	2006-07 Estimates (a)	Adjustments	Authorized Supplementary (b)	2006-07 Authorized Budget	2006-07 Actual Expense (c)	Unexpended (Over-expended)
Voted Operating Expenses and Equipment/ Inventory Purchases						
8 Innovation Implementation						
8.0.1 Technology Commercialization Initiatives	12,889	—	(1,200)	11,689	12,873	(1,184)
8.0.2 Innovation and Service Excellence Program						
• Operating Expense	14,750	—	—	14,750	8,936	5,814
• Equipment/Inventory Purchases	550	—	—	550	1,136	(586)
8.0.3 Transfer to Alberta Research Council Inc.	28,350	—	—	28,350	28,350	—
Sub-Total	56,539	—	(1,200)	55,339	51,295	4,044
Dedicated Revenue Shortfall (Schedule 2)	—	(1,760)	—	(1,760)	—	(1,760)
Total Voted Expenses	$ 2,214,393	$ (1,760)	$ 177,800	$ 2,390,433	$ 2,386,367	$ 4,066
Voted Operating Expenses and Equipment/Inventory Purchases						
Operating Expenses	$ 2,105,489	$ (1,760)	$ 177,800	$ 2,281,529	$ 2,277,357	$ 4,172
Operating Expenses funded by Lotteries	103,957	—	—	103,957	103,957	—
Equipment Inventory Purchases	4,947	—	—	4,947	5,053	(106)
Total Voted Expenses	$ 2,214,393	$ (1,760)	$ 177,800	$ 2,390,433	$ 2,386,367	$ 4,066
Statutory Expenses						
Provision for Future Cost of Student Loans Issued	$ 44,345	$ —	$ (14,085)	$ 30,260	$ 15,671	$ 14,589
Alberta Heritage Scholarships	25,452	—	—	25,452	24,921	531
Alberta Centennial Education Savings Plan	19,500	—	(11,325)	8,175	7,723	452
Valuation Adjustments and Other Provisions	5	—	—	5	541	(536)
Total Statutory Expenses	$ 89,302	$ —	$ (25,410)	$ 63,892	$ 48,856	$ 15,036
Non-Budgetary Disbursements by Program						
5 Cost of Student Loans Issued						
5.0.8 Student Loans Servicing Cost	$ 6,200	$ —	$ —	$ 6,200	$ 2,945	$ 3,255
5.0.9 Loan Relief Completion Payments	1,100	—	—	1,100	220	880
5.0.10 Student Loan Disbursements	96,600	—	—	96,600	83,604	12,996
Total Non-Budgetary Disbursements	$ 103,900	$ —	$ —	$ 103,900	$ 86,769	$ 17,131

(a) Estimates have been restated to reflect the following:

- $0.996 million transfer to the Department of Employment, Immigration and Industry and $0.2 million transfer to the Department of Treasury Board as a result of the Government Reorganization announced on December 13, 2006 (Note 3), and
- $4.0 million transfer of appropriation from Alberta Infrastructure and Transportation for emerging capital purposes.

(b) Supplementary estimates were approved on September 8, 2006 and March 23, 2007. Treasury Board approval is pursuant to section 24(2) of the *Financial Administration Act* (for dedicated revenue initiatives).

(c) Includes achievement bonuses of $1.246 million.

Schedule 6

Salary and Benefits Disclosure

	2007				2006
	Base Salary	Other Cash Benefits	Other Non-Cash Benefits	Total	Total
	(1)	(2)	(3)		(Restated - see Note 3)
Deputy Minister (4) (5)	$ 206,000	$ 43,785	$ 45,105	$ 294,890	$ 265,629
Executives					
Adult Learning	163,564	32,064	36,074	231,702	205,037
Apprenticeship and Industry Training	157,044	25,127	37,302	219,473	201,968
Research (6)	157,044	27,552	36,451	221,047	216,225
Policy and Planning (7)	157,044	20,416	36,484	213,944	228,661
Technology Commercialization (8)	149,772	30,649	35,395	215,816	205,810
Senior Financial Officer (9)	149,354	19,970	32,151	201,475	201,772
Human Resources Director (10)	94,020	9,713	25,419	129,152	109,248
	$ 1,233,842	$ 209,276	$ 284,381	$ 1,727,499	$ 1,634,350

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(1) Base salary includes regular base pay.

(2) Other cash benefits include bonuses, vacation payouts, overtime, and lump sum payments.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums (estimated), learning account items, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in other non-cash benefits.

(5) Other cash benefits include a vacation payout of $15,785 (2006 - nil).

(6) Other cash benefits include a vacation payout of $2,425 (2006 - $6,596).

(7) Other cash benefits include a vacation payout of nil (2006 - $14,605).

(8) Other cash benefits include a vacation payout of $6,685 (2006 - $10,817).

(9) Position occupied by two individuals during the year.

(10) Position was vacant for one month in the prior year.

Schedule 7

Related Party Transactions

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Department had the following transactions with related parties which are recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

(in thousands)	Entities in the Ministry		Other Entities Outside the Ministry	
	2007	2006	2007	2006
		(Restated - see Note 3)		(Restated - see Note 3)
Revenues				
Grants	$ —	$ —	$ 128,878	$ 120,088
Other	929	647	—	—
	$ 929	$ 647	$ 128,878	$ 120,088
Expenses - Directly Incurred				
Grants	$ 2,115,422	$ 1,585,705	$ 4,668	$ 1,014
Other Services	579	225	5,623	5,213
	$ 2,116,001	$ 1,585,930	$ 10,291	$ 6,227
Tangible Capital Assets Transferred	$ —	$ —	$ 1,136	$ 996
Receivables from	$ 5	$ 5	$ 8	$ 69
Payables to	$ 28,992	$ 4,932	$ 182	$ 59

The above transactions do not include support service arrangement transactions disclosed in Schedule 8.

The Department also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements. Accommodation and Legal expenses incurred by others are disclosed in Schedule 8.

(in thousands)	Other Entities Outside the Ministry	
	2007	2006
		(Restated - see Note 3)
Expenses - Incurred by Others		
Accommodation	$ 7,193	$ 5,361
Legal	220	296
Air Transportation Services / Executive Vehicle	86	199
Shared Services	2,810	2,496
	$ 10,309	$ 8,352

Schedule 8

Allocated Costs

(in thousands)	2007						2006
		Expenses - Incurred by Others		Valuation Adjustments (4)			
	Expenses	Accommodation Costs	Legal Services	Provision for Future Cost of Student Loans Issued	Vacation Pay and Other Provisions	Total Expenses	Total Expenses
Program	(1)	(2)	(3)				(Restated - see Note 3)
Voted							
Assistance to the Post-Secondary Institutions	$ 1,677,538	$ —	$ —	$ —	$ 76	$ 1,677,614	$ 1,445,140
Post-Secondary Facilities Infrastructure	395,441	—	—	—	—	395,441	187,509
Support to Post-Secondary Learners	101,334	1,319	17	15,671	105	118,446	124,312
Innovation Capacity	103,038	498	82	—	30	103,648	83,791
Innovation Implementation	50,159	286	28	—	18	50,491	74,049
Program Delivery Support	38,757	933	2	—	57	39,749	35,113
Apprenticeship Delivery	24,560	2,427	35	—	149	27,171	25,299
Ministry Support Services	23,131	1,730	56	—	106	25,023	21,253
Total Expense	$ 2,413,958	$ 7,193	$ 220	$ 15,671	$ 541	$ 2,437,583	$ 1,996,466

(1) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments. Support to Post-Secondary Learners includes Alberta Heritage Scholarships and Alberta Centennial Education Savings Plan (ACES).

(2) Costs shown for Accommodation on Schedule 7 are allocated based on proportion of full time employees.

(3) Costs shown for Legal Services on Schedule 7, allocated by estimated costs incurred by each program.

(4) Valuation Adjustments as per Statement of Operations:

- Vacation Pay - allocated to program based on proportion of full-time-equivalent staff.
- Other Provisions - allocation to program.
- Provision for Future Cost of Student Loans Issued - allocated to Support for Post-Secondary Learners.

Access to the Future Fund

Financial Statements

March 31, 2007

Audited Information

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule to the Financial Statements

Schedule 1 *Funding Provided to Eligible Recipients*

AUDITOR GENERAL *Alberta*

Auditor's Report

To the Minister of Advanced Education and Technology

I have audited the statement of financial position of the Access to the Future Fund as at March 31, 2007 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

original signed by

Fred J. Dunn, FCA
Auditor General

Edmonton, Alberta
May 22, 2007

Statement of Operations

for the year ended March 31, 2007

(in thousands)	2007 Budget	2007 Actual	2006 Actual
Revenues			
Transfer from Department of Finance	$ 33,750	$ 39,560	$ 11,250
Interest income	—	1,520	12
	33,750	41,080	11,262
Expenses			
Grants (Schedule 1)	45,000	42,503	—
Total Expenses	45,000	42,503	—
Net Operating Results	$ (11,250)	$ (1,423)	$ 11,262

The accompanying notes and schedule are part of these financial statements.

Statement of Financial Position

as at March 31, 2007

(in thousands)	2007	2006
Assets		
Cash (Note 4)	$ 9,839	$ 11,262
	$ 9,839	$ 11,262
Liabilities		
Accounts Payable and Accrued Liabilities	$ —	$ —
	—	—
Net Assets		
Net Assets at Beginning of Year	11,262	—
Net Operating Results	(1,423)	11,262
Net Assets at End of Year	9,839	11,262
	$ 9,839	$ 11,262

The accompanying notes and schedule are part of these financial statements.

Statement of Cash Flows

for the year ended March 31, 2007

(in thousands)	2007	2006
Operating Transactions		
Net Operating Results	$ (1,423)	$ 11,262
Increase (Decrease) in Cash	(1,423)	11,262
Cash, Beginning of Year	11,262	—
Cash, End of Year	$ 9,839	$ 11,262

The accompanying notes and schedule are part of these financial statements.

Notes to the Financial Statements

March 31, 2007

Note 1

Authority and Purpose

The Access to the Future Fund (the Fund) operates under the authority of the *Access to the Future Act*.

The purpose of the Fund is to support innovation and excellence by enhancing and expanding opportunities for Albertans to participate in accessible, affordable and high-quality advanced education opportunities. The Fund is intended to provide seed money for innovations in the post-secondary system as well as matching grants to stimulate private, industry, corporate and other public contributions that establish and support improved learner outcomes, faculty, staff and graduate student development, attraction and retention, knowledge and technology transfer and affordability.

Note 2

Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government.

(a) Reporting Entity

The reporting entity is the Access to the Future Fund, which is part of the Ministry of Advanced Education and Technology and for which the Minister of Advanced Education and Technology is accountable. The other entities reporting to the Minister are the Department of Advanced Education and Technology, the Alberta Research Council Inc. (ARC) and the Informatics Circle of Research Excellence Inc. (iCORE). Entities accountable to the Minister are the Public Post-Secondary Institutions (universities, technical institutes, public colleges and the Banff Centre for Continuing Education). The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial positions and results of the Ministry's operations for which the Minister is accountable.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

Expenses

Grants are recognized as expenses when authorized, eligibility criteria if any are met, and a reasonable estimate of the amounts can be made.

Assets

Financial assets of the Fund are limited to cash transferred or interest receivable from the General Revenue Fund of the Province of Alberta (General Revenue Fund).

Net Assets

Net assets represent the difference between the carrying value of assets held by the Fund and its liabilities.

Note 3

Advanced Education Endowment

(in thousands)	2007	2006
Opening balance	$ 750,000	$ —
Allocation to endowment	250,000	750,000
Inflation proofing	11,250	—
Closing balance	$ 1,011,250	$ 750,000

The Advanced Education Endowment (the Endowment) is an account within the Alberta Heritage Savings Trust Fund that was established by the *Access to the Future Act*. As per Section 7 of the *Access to the Future Act*, an amount equal to 4.5% of the total amount allocated to the Endowment shall be paid annually from the General Revenue Fund to the Fund.

The Endowment received $250 million (2006 - $750 million) in transfers from the Alberta Heritage Savings Trust Fund.

The Endowment is inflation-proofed in accordance with Section 6 of the *Access to the Future Act* and Section 11 of the *Alberta Heritage Savings Trust Fund Act*.

Note 4

Cash

Cash for the Fund is deposited into a Consolidated Cash Investment Trust Fund (CCITF). The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2007, securities held by the CCITF have an average effective market yield of 4.36% per annum (2006 - 3.96% per annum).

Note 5

Related Party Transactions

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements.

The Fund received $39,560 (2006 - $11,250) in revenue from the Department of Finance. This amount is recorded in the Statement of Operations.

Operating costs incurred in the administration of the Fund are included in the financial statements of the Department of Advanced Education and Technology and are not reflected in these financial statements.

(in thousands)	Entities in the Ministry	
	2007	2006
Grants		
Public Colleges	$ 18,745	$ —
Technical Institutes	6,000	—
Universities	14,200	—
The Banff Centre for Continuing Education	1,200	—
	$ 40,145	$ —

Note 6

Commitments

(in thousands)

Grants totaling $16,500 (2006 - $71,816) have met eligibility criteria and will be authorized for payment as monies are approved from the Fund.

Note 7

Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule to the Financial Statements

for the year ended March 31, 2007

Schedule 1

Funding Provided to Eligible Recipients

(in thousands)	2007
Public Post-Secondary Institutions	
Alberta College of Art and Design	$ 821
Athabasca University	1,200
Bow Valley College	1,200
Grande Prairie Regional College	925
Grant MacEwan College	3,000
Keyano College	1,200
Lakeland College	970
Lethbridge College	1,200
Medicine Hat College	1,200
Mount Royal College	3,000
NorQuest College	1,200
Northern Alberta Institute of Technology	3,000
Northern Lakes College	962
Olds College	1,200
Portage College	668
Red Deer College	1,200
Southern Alberta Institute of Technology	3,000
The Banff Centre for Continuing Education	1,200
The University of Alberta	5,000
The University of Calgary	5,000
The University of Lethbridge	3,000
	40,146
Accredited Private Not-for-Profit Post-Secondary Institutions	
Alliance University College	171
Canadian Nazarene University College	171
Canadian University College	171
Concordia University College of Alberta	171
St. Mary's University College	171
Taylor University College	171
The King's University College	171
	1,197
First Nations, Métis and Inuit Colleges	
Blue Quills First Nations College	200
Maskwachees Cultural College	160
Nechi Training, Research and Health Promotions Institute	200
Old Sun Community College	200
Red Crow Community College	200
Yellowhead Tribal College	200
	1,160
Total	$ 42,503

Post-Secondary Institutions

Financial Statements

Unaudited Information

Summary of Colleges

Summary of Technical Institutes

Summary of Universities

The Banff Centre for Continuing Education

Disclosure of Salaries and Benefits for President Positions

Summary of Significant Accounting Policies

Audited financial statements are available on Advanced Education and Technology's website:
www.advancededandtech.gov.ab.ca

For a print version of the complete audited financial statements of post-secondary institutions, please order by:

phone (780) 427-2767
e-mail lrccustserv@gov.ab.ca
online www.lrc.education.gov.ab.ca

Summary of Colleges

Statement of Operations and Changes in Financial Position

for the Year Ended June 30, 2006

(in thousands)	Alberta College of Art & Design	Bow Valley College	Grande Prairie Regional College	Grant MacEwan College	Keyano College	Lakeland College	Lethbridge College
Revenue							
Grants	$ 9,738	$ 22,728	$ 18,936	$ 64,205	$ 25,570	$ 25,323	$ 32,251
Sales, rentals and services	939	—	3,436	21,840	5,286	4,980	7,021
Tuition and related fees	4,194	11,209	6,700	48,812	6,745	11,432	15,733
Education contracts and contract programs	—	9,589	1,048	3,869	687	3,441	1,951
Investment income	300	510	438	3,154	516	538	661
Donations and contributions	301	337	828	3,984	907	205	324
Amortization of deferred capital contributions	714	1,402	1,727	3,518	1,932	2,548	2,247
Ancillary services	802	1,491	—	—	—	—	—
Miscellaneous revenue	159	—	—	—	—	1,777	—
	17,147	47,266	33,113	149,382	41,643	50,244	60,188
Expenses							
Salaries, wages and benefits	10,367	29,510	20,211	84,961	24,837	25,014	36,212
Instruction and instructional support	548	—	—	—	—	—	—
Supplies and services	4,167	9,930	7,645	28,869	7,587	12,669	9,941
Amortization of capital assets	948	2,305	2,789	9,582	3,357	4,549	4,508
Maintenance, utilities and property tax	—	—	865	3,984	1,516	2,028	1,548
Facilities cost	—	—	—	—	—	—	—
Scholarships and bursaries	217	195	228	1,055	479	184	268
Other	404	868	897	10,322	1,563	262	3,241
Loss (gain) on disposal of capital assets	1	—	(2)	—	23	(13)	—
	16,652	42,808	32,633	138,773	39,362	44,693	55,718
Excess Revenue over Expenses	$ 495	$ 4,458	$ 480	$ 10,609	$ 2,281	$ 5,551	$ 4,470
Changes in Financial Position							
Cash generated (used) by operating activities	$ 898	$ 6,093	$ 2,469	$ 19,753	$ 3,423	$ 5,724	$ 8,600
Cash generated (used) by investing activities	(474)	(13,927)	(7,047)	(25,132)	(4,555)	(3,578)	(8,221)
Cash generated (used) by financing activities	66	10,323	5,503	22,032	16,124	5,702	9,379
Increase (decrease) in cash and short-term investments	490	2,489	925	16,653	14,992	7,848	9,758
Cash and short-term investments at beginning of year, net of bank indebtedness	4,935	3,457	(609)	31,458	2,297	2,530	2,547
Cash and short-term investments at end of year, net of bank indebtedness	$ 5,425	$ 5,946	$ 316	$ 48,111	$ 17,289	$ 10,378	$ 12,305

Statement of Operations and Changes in Financial Position (continued)

for the Year Ended June 30, 2006

(in thousands)	Medicine Hat College	Mount Royal College	NorQuest College	Northern Lakes College	Olds College	Portage College	Red Deer College
Revenue							
Grants	$ 22,777	$ 59,537	$ 25,182	$ 21,497	$ 18,992	$ 16,738	$ 32,219
Sales, rentals and services	3,415	17,419	1,894	1,608	5,120	1,976	1,435
Tuition and related fees	9,492	32,512	9,940	3,564	5,378	3,295	15,760
Education contracts and contract programs	—	17,559	4,580	178	2,304	1,541	2,624
Investment income	755	4,519	515	301	891	193	654
Donations and contributions	103	1,183	188	137	601	308	870
Amortization of deferred capital contributions	1,238	7,300	892	1,304	1,872	994	2,570
Ancillary services	—	—	—	—	—	—	7,125
Miscellaneous revenue	—	—	—	45	—	304	—
	37,780	140,029	43,191	28,634	35,158	25,349	63,257
Expenses							
Salaries, wages and benefits	22,187	87,658	31,667	16,180	21,476	14,858	41,424
Instruction and instructional support	—	—	—	—	—	—	—
Supplies and services	7,511	23,823	7,590	6,800	7,166	6,952	12,278
Amortization of capital assets	2,491	10,929	2,253	2,078	3,145	1,662	4,237
Maintenance, utilities and property tax	931	5,009	582	1,423	1,242	724	1,982
Facilities cost	—	—	—	191	—	—	—
Scholarships and bursaries	232	1,437	—	44	229	115	291
Other	1,376	5,049	353	1,354	1,783	—	2,782
Loss (gain) on disposal of capital assets	—	—	—	—	(6)	—	—
	34,728	133,905	42,445	28,070	35,035	24,311	62,994
Excess Revenue over Expenses	$ 3,052	$ 6,124	$ 746	$ 564	$ 123	$ 1,038	$ 263
Changes in Financial Position							
Cash generated (used) by operating activities	$ 6,501	$ 10,244	$ 2,521	$ 3,708	$ 4,896	$ 1,845	$ 7,923
Cash generated (used) by investing activities	(4,938)	(24,737)	(2,016)	(3,540)	(11,817)	(1,434)	(3,241)
Cash generated (used) by financing activities	5,543	6,268	2,070	929	10,391	755	18,142
Increase (decrease) in cash and short-term investments	7,106	(8,225)	2,575	1,097	3,470	1,166	22,824
Cash and short-term investments at beginning of year, net of bank indebtedness	2,273	21,090	343	2,976	4,439	2,602	11,308
Cash and short-term investments at end of year, net of bank indebtedness	$ 9,379	$ 12,865	$ 2,918	$ 4,073	$ 7,909	$ 3,768	$ 34,132

Summary of Colleges

Statement of Operations and Changes in Financial Position (continued)

for the Year Ended June 30, 2006

(in thousands)	2006 Totals	2005 Totals (Restated)	2006 Budget
Revenue			
Grants	$ 395,693	$ 346,217	$ 361,008
Sales, rentals and services	76,369	69,837	75,960
Tuition and related fees	184,766	180,752	192,755
Education contracts and contract programs	49,371	45,711	45,848
Investment income	13,945	11,061	8,694
Donations and contributions	10,276	8,867	7,961
Amortization of deferred capital contributions	30,258	31,440	31,024
Ancillary services	9,418	8,711	8,936
Miscellaneous revenue	2,285	2,815	2,101
	772,381	705,411	734,287
Expenses			
Salaries, wages and benefits	466,562	440,086	467,300
Instruction and instructional support	548	858	323
Supplies and services	152,928	137,623	148,701
Amortization of capital assets	54,833	53,394	53,939
Maintenance, utilities and property tax	21,834	20,635	23,129
Facilities cost	191	198	206
Scholarships and bursaries	4,974	4,318	4,041
Other	30,254	27,112	32,988
Loss (gain) on disposal of capital assets	3	(21)	(10)
	732,127	684,203	730,617
Excess Revenue over Expenses	$ 40,254	$ 21,208	$ 3,670
Changes in Financial Position			
Cash generated (used) by operating activities	$ 84,598	$ 50,000	
Cash generated (used) by investing activities	(114,657)	(81,005)	
Cash generated (used) by financing activities	113,227	50,074	
Increase (decrease) in cash and short-term investments	83,168	19,069	
Cash and short-term investments at beginning of year, net of bank indebtedness	91,646	72,577	
Cash and short-term investments at end of year, net of bank indebtedness	$ 174,814	$ 91,646	

Summary of Colleges

Statement of Financial Position

as at June 30, 2006

(in thousands)	Alberta College of Art & Design	Bow Valley College	Grande Prairie Regional College	Grant MacEwan College	Keyano College	Lakeland College	Lethbridge College
Assets							
Current							
Cash and short-term investments	$ 5,426	$ 5,946	$ 316	$ 48,111	$ 17,287	$ 10,378	$ 12,306
Accounts receivable	362	2,425	970	2,676	2,724	4,305	2,117
Inventories	521	757	542	1,975	224	835	583
Prepaid expenses and deposits	—	214	83	691	231	—	413
	6,309	9,342	1,911	53,453	20,466	15,518	15,419
Long-term							
Investments	2,690	22,502	12,170	29,292	8,361	4,374	13,273
Capital assets	5,454	22,666	35,650	205,056	67,120	57,081	52,427
Other assets	861	—	—	—	81	13	—
	$ 15,314	$ 54,510	$ 49,731	$ 287,801	$ 96,028	$ 76,986	$ 81,119
Liabilities and Net Assets							
Current							
Bank indebtedness	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Accounts payable and accrued liabilities	595	1,865	1,977	8,247	5,263	3,776	3,759
Accrued vacation pay	747	1,817	1,500	4,768	1,731	1,814	831
Unearned revenue	374	1,469	407	4,383	872	1,576	1,595
Deferred contributions	1,094	1,555	757	9,623	2,711	847	2,217
Current portion of long-term debt	—	—	90	1,240	309	175	160
Other current liabilities	132	7	524	—	—	—	—
	2,942	6,713	5,255	28,261	10,886	8,188	8,562
Long-term							
Debt	—	—	3,009	50,986	5,741	2,400	5,795
Deferred contributions	—	—	—	—	—	—	—
Deferred capital contributions	1,319	10,453	3,437	11,458	9,478	4,700	5,074
Unamortized deferred capital contributions	4,650	18,756	26,830	100,305	37,379	41,854	35,158
Other long-term liabilities	135	8	—	—	—	—	—
	6,104	29,217	33,276	162,749	52,598	48,954	46,027
Net Assets							
Endowments	1,860	707	2,900	12,826	1,426	1,776	5,617
Investment in capital assets	729	3,894	5,603	52,524	23,692	12,652	11,314
Internally restricted	1,828	11,364	1,974	24,984	—	4,514	2,317
Unrestricted	1,851	2,615	723	6,457	7,426	902	7,282
	6,268	18,580	11,200	96,791	32,544	19,844	26,530
	$ 15,314	$ 54,510	$ 49,731	$ 287,801	$ 96,028	$ 76,986	$ 81,119

Summary of Colleges

Statement of Financial Position (continued)

as at June 30, 2006

(in thousands)	Medicine Hat College	Mount Royal College	NorQuest College	Northern Lakes College	Olds College	Portage College	Red Deer College
Assets							
Current							
Cash and short-term investments	$ 9,379	$ 12,865	$ 2,918	$ 4,073	$ 7,909	$ 3,768	$ 34,131
Accounts receivable	787	3,907	1,450	1,009	1,670	1,036	1,060
Inventories	273	691	172	281	433	175	989
Prepaid expenses and deposits	280	1,598	166	161	0	86	451
	10,719	19,061	4,706	5,524	10,012	5,065	36,631
Long-term							
Investments	9,437	58,322	9,342	4,798	15,268	1,904	6,134
Capital assets	44,733	183,161	26,868	30,365	26,725	30,936	54,084
Other assets	—	—	—	—	—	—	1,317
	$ 64,889	$ 260,544	$ 40,916	$ 40,687	$ 52,005	$ 37,905	$ 98,166
Liabilities and Net Assets							
Current							
Bank indebtedness	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Accounts payable and accrued liabilities	1,868	6,899	2,428	1,208	2,972	797	5,302
Accrued vacation pay	664	4,704	2,670	1,878	1,708	1,096	3,291
Unearned revenue	805	5,410	1,031	9	1,046	325	2,240
Deferred contributions	2,317	7,538	730	3,162	2,844	1,006	6,785
Current portion of long-term debt	90	916	—	—	181	—	241
Other current liabilities	—	293	—	72	—	—	443
	5,744	25,760	6,859	6,329	8,751	3,224	18,302
Long-term							
Debt	3,601	31,041	—	—	3,476	—	5,875
Deferred contributions	—	5,861	—	—	—	—	—
Deferred capital contributions	2,587	526	655	—	9,251	303	16,833
Unamortized deferred capital contributions	29,441	134,032	15,353	24,895	14,981	27,336	33,595
Other long-term liabilities	1,114	3,617	—	62	—	—	344
	36,743	175,077	16,008	24,957	27,708	27,639	56,647
Net Assets							
Endowments	2,832	25,111	676	615	5,751	570	4,897
Investment in capital assets	11,600	17,178	11,515	5,470	8,088	3,600	14,903
Internally restricted	2,740	13,408	4,722	12	649	2,161	1,615
Unrestricted	5,230	4,010	1,136	3,304	1,058	711	1,802
	22,402	59,707	18,049	9,401	15,546	7,042	23,217
	$ 64,889	$ 260,544	$ 40,916	$ 40,687	$ 52,005	$ 37,905	$ 98,166

Summary of Colleges

Statement of Financial Position (continued)

as at June 30, 2006

(in thousands)	2006 Totals	2005 Totals (Restated)
Assets		
Current		
Cash and short-term investments	$ 174,813	$ 92,253
Accounts receivable	26,498	23,343
Inventories	8,451	8,046
Prepaid expenses and deposits	4,374	3,760
	214,136	127,402
Long-term		
Investments	197,867	160,508
Capital assets	842,326	809,620
Other assets	2,272	2,206
	$ 1,256,601	$ 1,099,736
Liabilities and Net Assets		
Current		
Bank indebtedness	$ —	$ 609
Accounts payable and accrued liabilities	46,956	44,790
Accrued vacation pay	29,219	27,518
Unearned revenue	21,542	18,633
Deferred contributions	43,186	24,906
Current portion of long-term debt	3,402	3,174
Other current liabilities	1,471	1,877
	145,776	121,507
Long-term		
Debt	111,924	106,629
Deferred contributions	5,861	815
Deferred capital contributions	76,074	22,193
Unamortized deferred capital contributions	544,565	522,975
Other long-term liabilities	5,280	4,496
	743,704	657,108
Net Assets		
Endowments	67,564	61,193
Investment in capital assets	182,762	178,707
Internally restricted	72,288	41,814
Unrestricted	44,507	39,407
	367,121	321,121
	$ 1,256,601	$ 1,099,736

Summary of Technical Institutes

Statement of Operations and Changes in Financial Position

for the Year Ended June 30, 2006

(in thousands)	Northern Alberta Institute of Technology	Southern Alberta Institute of Technology	2006 Totals	2005 Totals (Restated)	2005 Budget
Revenue					
Grants	$ 126,981	$ 105,439	$ 232,420	$ 205,093	$ 221,718
Earned revenue programs	32,554	41,082	73,636	69,588	74,122
Tuition and related fees	32,227	31,223	63,450	62,492	63,224
Donations and fund raising	3,930	3,148	7,078	8,995	9,583
Ancillary services	17,775	18,644	36,419	34,121	38,310
Sales, rentals and services	5,440	4,038	9,478	8,774	7,101
Investment income	4,732	2,938	7,670	5,160	3,474
Amortization of deferred capital contributions	8,544	8,593	17,137	17,648	15,311
	232,183	215,105	447,288	411,871	432,843
Expenses					
Salaries, wages and benefits	146,521	120,115	266,636	244,723	278,379
Supplies and services	49,636	38,876	88,512	83,562	83,219
Utilities	8,635	8,900	17,535	16,358	16,235
Interest expense	—	1,367	1,367	1,321	1,262
Facility rentals	561	—	561	482	756
Scholarships and bursaries	1,569	2,994	4,563	4,169	5,201
Repairs and maintenance	—	11,474	11,474	10,873	10,402
Capital amortization	15,811	14,671	30,482	32,022	29,923
Loss on disposal of capital assets	232	1,028	1,260	1,460	1,722
	222,965	199,425	422,390	394,970	427,099
Excess Revenue over Expenses	$ 9,218	$ 15,680	$ 24,898	$ 16,901	$ 5,744
Changes in Financial Position					
Cash generated (used) by operating activities	$ 43,595	$ 33,893	$ 77,488	$ 35,135	
Cash generated (used) by investing activities	(51,650)	(34,000)	(85,650)	(52,289)	
Cash generated (used) by financing activities	26,300	58,586	84,886	14,267	
Net increase (decrease) in cash and short-term investments	18,245	58,479	76,724	(2,887)	
Cash and short-term investments at beginning of year	1,590	46,189	47,779	50,666	
Cash and short-term investments at end of year	$ 19,835	$ 104,668	$ 124,503	$ 47,779	

Summary of Technical Institutes

Statement of Financial Position
as at June 30, 2006

(in thousands)	Northern Alberta Institute of Technology	Southern Alberta Institute of Technology	2006 Totals	2005 Totals
Assets				
Current				
Cash and short-term investments	$ 19,835	$ 104,668	$ 124,503	$ 47,779
Accounts receivable	10,402	9,074	19,476	14,056
Inventories	3,928	1,945	5,873	6,166
Prepaid expenses	1,117	410	1,527	1,581
Total Current	35,282	116,097	151,379	69,582
Investments	68,455	24,324	92,779	73,932
Capital assets	221,933	212,696	434,629	399,568
Other assets	6,496	—	6,496	2,862
Total Assets	$ 332,166	$ 353,117	$ 685,283	$ 545,944
Liabilities and Net Assets				
Current				
Bank indebtedness	$ —	$ —	$ —	$ —
Accounts payable and accrued liabilities	27,358	22,337	49,695	38,674
Accrued vacation pay	12,808	—	12,808	11,718
Unearned revenue	9,339	9,281	18,620	16,051
Current portion of employee benefit liabilities	—	8,930	8,930	8,792
Deferred contribution	22,938	20,376	43,314	15,652
Current portion of long-term liabilities	—	1,542	1,542	685
Current portion of long-term leases	547	—	547	548
Total Current Liabilities	72,990	62,466	135,456	92,120
Long-term				
Long-term liabilities	—	70,427	70,427	19,279
Deferred capital contributions	5,734	2,486	8,220	4,917
Long-term leases	670	—	670	1,147
Employee benefit liabilities	—	868	868	545
Unamortized deferred capital contribution	125,135	116,610	241,745	227,012
Total Long-Term	131,539	190,391	321,930	252,900
Net Assets				
Endowments	12,541	11,204	23,745	21,670
Internally restricted	8,111	—	8,111	7,794
Investment in capital assets	95,581	72,696	168,277	150,897
Unrestricted net assets	11,404	16,360	27,764	20,563
Total Net Assets	127,637	100,260	227,897	200,924
Total Liabilities and Net Assets	$ 332,166	$ 353,117	$ 685,283	$ 545,944

Summary of Universities

Statement of Operations and Changes in Financial Position
for the Year Ended March 31, 2007

(in thousands)	University of Alberta	University of Calgary	University of Lethbridge	Athabasca University	2007 Totals	2006 Totals	2007 Budget
Revenue							
Grants	$ 724,434	$ 456,721	$ 86,517	$ 31,064	$ 1,298,736	$ 1,179,422	$ 1,216,667
Tuition and related fees	181,880	121,716	34,442	45,767	383,805	380,740	384,492
Non-credit tuition and related fees	—	15,775	—	—	15,775	13,706	15,272
Donations and other contributions	60,344	78,802	728	684	140,558	128,934	177,548
Investment and royalty income	57,461	24,871	6,265	2,351	90,948	89,934	24,721
Sales, rentals and services	181,741	81,507	13,152	12,635	289,035	267,966	274,330
Amortization of deferred capital contributions	51,874	47,516	6,271	1,963	107,624	99,324	122,995
Miscellaneous revenue	—	—	1,358	898	2,256	2,275	4,581
	1,257,734	826,908	148,733	95,362	2,328,737	2,162,301	2,220,606
Expenses							
Salaries	597,486	410,475	77,452	59,828	1,145,241	1,069,419	1,243,390
Employee benefits	104,202	63,924	12,813	—	180,939	169,312	119,712
Materials, supplies and services	238,902	141,064	16,314	21,521	417,801	379,159	585,866
Maintenance, utilities and property tax	75,552	41,280	4,666	1,756	123,254	118,124	31,981
Scholarships and bursaries	69,678	41,971	2,252	419	114,318	107,551	43,757
Travel	—	23,289	3,540	6,541	33,370	30,463	7,659
Cost of goods sold	—	16,423	3,113	—	19,536	18,738	3,134
Interest/Financing	8,023	1,597	497	—	10,117	9,223	4,192
Amortization of capital assets	98,046	73,255	12,305	3,851	187,457	170,658	182,930
Unrealized loss on write-down of investments	—	—	—	—	—	492	—
Loss (gain) on disposal of capital assets	—	—	(49)	—	(49)	564	—
	1,191,889	813,276	132,903	93,916	2,231,984	2,073,703	2,222,621
Excess Revenue over Expenses	$ 65,845	$ 13,632	$ 15,830	$ 1,446	$ 96,753	$ 88,598	$ (2,015)
Changes in Financial Position							
Cash generated (used) by operating activities	$ 149,011	$ 20,270	$ 26,134	$ 7,096	$ 202,511	$ 172,771	
Cash generated (used) by investing activities	(336,085)	(141,898)	(51,722)	(3,652)	(533,357)	(480,724)	
Cash generated (used) by financing activities	267,636	194,984	32,038	238	494,896	336,696	
Increase (decrease) in cash and short-term investments	80,562	73,356	6,450	3,682	164,050	28,743	
Cash and short-term investments at beginning of year, net of bank indebtedness	165,142	154,329	28,528	16,531	364,530	335,787	
Cash and short-term investments at end of year, net of bank indebtedness	$ 245,704	$ 227,685	$ 34,978	$ 20,213	$ 528,580	$ 364,530	

Summary of Universities

Statement of Financial Position
as at March 31, 2007

(in thousands)	University of Alberta	University of Calgary	University of Lethbridge	Athabasca University	2007 Totals	2006 Totals
Assets						
Current						
Cash and short-term investments	$ 261,915	$ 335,460	$ 34,978	$ 20,213	$ 652,566	$ 476,493
Accounts receivable	151,280	98,550	8,245	4,558	262,633	221,818
Inventories	—	5,713	447	3,340	9,500	9,279
Prepaid expenses and deposits	—	3,677	787	834	5,298	5,803
Other	13,917	—	—	—	13,917	11,993
	427,112	443,400	44,457	28,945	943,914	725,386
Investments	943,241	386,296	70,180	29,468	1,429,185	1,252,704
Capital assets	1,537,838	749,690	206,855	20,062	2,514,445	2,313,452
Other assets	—	32,342	3,358	211	35,911	29,531
	$ 2,908,191	$ 1,611,728	$ 324,850	$ 78,686	$ 4,923,455	$ 4,321,073
Liabilities and Net Assets						
Current						
Accounts payable and accrued liabilities	$ 124,399	$ 69,280	$ 9,946	$ 3,099	$ 206,724	$ 198,292
Current portion of employee benefit liabilities	31,187	—	4,107	6,091	41,385	47,616
Deferred revenue	16,674	15,879	4,441	11,829	48,823	47,303
Deferred contributions	241,765	248,439	11,001	2,943	504,148	423,934
Current portion of long-term liabilities	14,811	2,886	430	117	18,244	11,468
	428,836	336,484	29,925	24,079	819,324	728,613
Long-term						
Employee benefit liabilities	42,353	—	6,343	3,338	52,034	53,120
Deferred contributions	90,000	—	573	263	90,836	90,957
Deferred capital contributions	10,501	60,774	20,625	—	91,900	33,249
Unamortized deferred capital contributions	982,131	510,559	99,617	11,652	1,603,959	1,465,346
Long-term debt	151,544	—	4,309	—	155,853	125,491
Other long-term liabilities	—	28,021	—	—	28,021	24,457
	1,276,529	599,354	131,467	15,253	2,022,603	1,792,620
Net Assets						
Endowments	751,478	437,175	24,537	1,560	1,214,750	1,019,183
Investment in capital assets	410,418	214,190	102,499	8,621	735,728	699,357
Internally restricted	—	26,327	17,758	27,009	71,094	70,059
Unrestricted	40,930	(1,802)	18,664	2,164	59,956	11,241
	1,202,826	675,890	163,458	39,354	2,081,528	1,799,840
	$ 2,908,191	$ 1,611,728	$ 324,850	$ 78,686	$ 4,923,455	$ 4,321,073

The Banff Centre for Continuing Education

Statement of Operations and Changes in Financial Position
for the Year Ended March 31, 2007

(in thousands)	2007 Actual	2006 Actual (Restated)	2007 Budget
Revenue			
Grants	$ 15,822	$ 16,131	$ 15,083
Accommodation	13,703	14,241	14,003
Sales, rentals and services	6,964	7,093	6,824
Tuition and related fees	5,252	5,464	5,361
Investment income	528	368	372
Donations and other contributions	3,782	3,010	4,032
Amortization of deferred capital contributions	1,294	1,343	1,343
	47,345	47,650	47,018
Expenses			
Salaries, wages and benefits	25,223	24,296	25,776
Scholarships and financial assistance	3,740	3,807	3,722
Supplies and materials	4,169	4,160	4,351
Facility operating	3,694	4,969	3,943
Purchased services	2,695	2,876	2,814
Travel and related	1,596	1,680	1,711
Financial costs	526	564	606
Marketing and promotion	666	582	677
Vehicles and equipment	1,183	1,073	1,091
Amortization of capital assets	2,511	2,491	2,491
Interfund transfers	—	—	(164)
Loss (gain) on disposal of capital assets	—	8	—
	46,003	46,506	47,018
Excess Revenue over Expenses	$ 1,342	$ 1,144	$ —
Changes in Financial Position			
Cash generated from operating activities	$ 4,415	$ 1,708	
Cash applied to investing activities	(42,764)	(5,900)	
Cash generated from financing activities	37,639	3,748	
Increase (decrease) in cash	(710)	(444)	
Cash and short-term investments at beginning of year	1,027	1,471	
Cash and short-term investments at end of year	$ 317	$ 1,027	

The Banff Centre for Continuing Education

Statement of Financial Position
as at March 31, 2007

(in thousands)	2007	2006
Assets		
Current		
Cash and short-term investments	$ 25,078	$ 2,029
Accounts receivable	5,664	4,545
Inventories	385	418
Prepaid expenses	280	189
	31,407	7,181
Notes receivable	693	699
Long-term investments	10,371	8,142
Capital assets	68,543	53,479
Long-term pledges receivable	9,094	865
	$ 120,108	$ 70,366
Liabilities and Net Assets		
Current		
Accounts payable	$ 2,803	$ 1,751
Accrued vacation pay	1,257	1,188
Unearned revenue	1,690	1,085
Deferred contributions	2,929	3,728
Long-term debt due within one year	2,642	3,147
	11,321	10,899
Long-term		
Deferred contributions	32,946	2,461
Employment related liabilities	344	253
Long-term debt	1	3
Deferred expended capital contributions	51,334	36,133
	84,625	38,850
Net Assets		
Endowments	10,371	8,142
Operating net assets	13,791	12,475
	24,162	20,617
	$ 120,108	$ 70,366

Disclosure of Salaries and Benefits for President Positions

	Base Salary	Other Cash Benefits (1)	Other Non-Cash Benefits (2)	Total
Colleges (June 30, 2006)				
Alberta College of Art & Design	$ 174,900	$ 24,874	$ 48,997	$ 248,771
Bow Valley College	172,273	31,301	17,919	221,493
Grande Prairie Regional College	131,000	—	19,183	150,183
Grant MacEwan College	202,784	—	44,804	247,588
Keyano College	130,000	—	24,152	154,152
Lakeland College	143,000	—	26,234	169,234
Lethbridge College	150,000	15,000	24,678	189,678
Medicine Hat College	165,984	—	33,659	199,643
Mount Royal College	230,000	20,000	138,000	388,000
NorQuest College	155,628	—	15,986	171,614
Northern Lakes College	145,258	57,622	21,110	223,990
Olds College	166,703	9,600	32,922	209,225
Portage College	138,788	23,837	26,250	188,875
Red Deer College	160,933	—	64,164	225,097
Technical Institutes (June 30, 2006)				
Northern Alberta Institute of Technology	235,000	100,000	20,000	355,000
Southern Alberta Institute of Technology	191,000	62,000	98,000	351,000
Universities (March 31, 2007)				
University of Alberta	414,000	—	177,000	591,000
University of Calgary	334,000	—	148,000	482,000
University of Lethbridge	293,000	30,000	88,000	411,000
Athabasca University	253,000	24,000	49,000	326,000
The Banff Centre (March 31, 2007)				
The Banff Centre for Continuing Education	247,000	—	35,000	282,000

(1) Other Cash Benefits include bonuses, overtime, lump sum payments and honoraria.

(2) Other Non-Cash Benefits includes the institution's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, out of country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plan, professional memberships and tuition. Other non-cash benefits figure also includes the institution's share of the cost of additional benefits including sabbaticals or other special leave with pay, financial planning services, retirement planning services, concessionary loans, travel allowances, car allowances, housing allowances and club memberships.

Note: The Presidents of Post-Secondary Institutions are appointed by the Institution's Board of Governors.

Summary of Significant Accounting Policies

Post-secondary institutions prepare their financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. The following are significant accounting policies followed by these entities:

- Revenues and expenses are recognized on an accrual basis.
- Revenues received for the provision of goods and services are recognized in the period in which the goods are provided or the services rendered.
- Unrestricted contributions are recognized as revenues when received.
- Capital grants are recorded as deferred contributions until the amounts are invested in capital assets.
- Once capital grants are invested in capital assets, the amounts are transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as earned revenue in the periods in which the related amortization expense of the funded capital asset is recorded.
- Externally restricted non-capital contributions are deferred and recognized as revenue in the period in which the related expenses are incurred.
- Endowment contributions are recognized as direct increases in net assets in the period in which they are received.
- Contributions for capital assets that will not be amortized, such as land and art collections, are recorded as direct increases in net assets in the period the assets are acquired.
- Capital assets are recorded at cost when acquired. Capital assets are amortized based on amortization policies set by post-secondary institutions.
- Donated assets are recorded at fair value where fair value is reasonably determined.
- Inventories of merchandise for resale are valued at the lower of cost and net realizable value. Inventories of supplies for consumption are valued at the lower of cost and replacement value.
- Short-term investments are recorded at the lower of cost or market value. Long-term investments are recognized at market value.

Alberta Research Council Inc.

Consolidated Financial Statements

March 31, 2007 *Audited Information*

Auditor's Report	
Consolidated Balance Sheet	
Consolidated Statement of Revenue and Expense and Operating Equity	
Consolidated Statement of Cash Flows	
Notes to the Consolidated Financial Statements	
Schedules to the Consolidated Financial Statements	
Schedule 1	*Consolidated Schedule of Allocated Costs*
2	*Schedule of Segmented Information*

AUDITOR GENERAL *Alberta*

Auditor's Report

To the Board of Directors of the Alberta Research Council Inc.

I have audited the consolidated balance sheet of the Alberta Research Council Inc. as at March 31, 2007 and the consolidated statements of revenue and expense and operating equity and cash flows for the year then ended. These financial statements are the responsibility of the Alberta Research Council Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Alberta Research Council Inc. as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

original signed by

Fred J. Dunn, FCA
Auditor General

Edmonton, Alberta
May 17, 2007

Consolidated Balance Sheet

as at March 31, 2007

(in thousands)	2007	2006
Assets		
Current		
Cash (Note 3)	$ 12,140	$ 9,503
Accounts receivable (Notes 4 & 7)	13,226	11,911
Accrued income receivable (Note 7)	3,428	3,152
Prepaid expenses	364	284
	29,158	24,850
Long-term		
Property, plant and equipment (Note 6)	20,235	14,492
	$ 49,393	$ 39,342
Liabilities and Equity		
Current		
Accounts payable and accrued liabilities (Note 7)	$ 17,566	$ 13,222
Unearned contract revenue (Note 7)	8,218	7,562
Current portion of long-term debt (Note 8)	—	273
	25,784	21,057
Contingencies (Note 9)		
Commitments (Note 10)		
Equity		
Operating	23,609	18,285
	$ 49,393	$ 39,342

The accompanying notes are an integral part of these financial statements.

Approved by the Board of Directors

original signed by

LeRoy Johnson, M.L.A.
Wetaskiwin-Camrose
Chair, Board of Directors

original signed by

James Carter
Chair, ARC Audit Committee

Consolidated Statement of Revenue and Expense and Operating Equity

for the year ended March 31, 2007

(in thousands)	2007 Budget (Note 15)	2007 Actual (Schedules 1 & 2)	2006 Actual
Revenue			
Investment from the Province of Alberta			
General revenues (Note 7)	$ 27,780	$ 28,350	$ 26,000
Contract revenue			
Commercial (Note 5)	37,829	36,777	33,567
Alberta government departments and agencies (Note 7)	7,828	7,635	5,967
Royalties, licensing fees and product sales	2,206	2,793	2,421
Interest income	500	880	520
	76,143	76,435	68,475
Expense			
Salaries, wages and benefits (Notes 7, 12 & 13)	47,455	47,751	42,700
Professional, technical and labour services (Note 7)	10,309	9,249	8,039
Materials and supplies	4,281	4,295	3,982
Other expenses (Note 7)	2,212	2,169	2,304
Travel and hospitality	2,176	2,157	1,890
Amortization	2,222	1,680	1,779
Computing supplies and services	1,373	1,503	1,648
Legal and patent	944	898	1,095
Maintenance and rental	563	502	480
Telephone	472	448	417
Insurance (Note 7)	388	351	456
Royalty expense	—	90	32
Provision for impairment of equipment	—	47	318
Interest	4	4	26
Provision for impairment of marketable securities	—	—	(41)
Gain on sale of equipment	—	(33)	(322)
	72,399	71,111	64,803
Net earnings for the year	3,744	5,324	3,672
Operating equity at beginning of year	18,285	18,285	18,991
Transfer of Facility (Note 5)	—	—	(4,378)
Operating equity at end of year	$ 22,029	$ 23,609	$ 18,285

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended March 31, 2007

(in thousands)	2007	2006
Cash Provided by (Used in)		
Operating activities		
Net earnings for the year	$ 5,324	$ 3,672
Amortization	1,680	1,779
Gain on sale of marketable securities	(35)	(138)
Proceeds on sale of marketable securities	35	349
Provision for impairment of marketable securities	—	(41)
Provision for impairment of equipment	47	318
Gain on sale of equipment	(33)	(322)
Net change in non-cash balances (Note 11)	3,329	(159)
Net cash provided by operating activities	10,347	5,458
Investing activities		
Purchases of property, plant and equipment	(7,470)	(4,017)
Purchases for construction of facility (Note 5)	—	(2,667)
Proceeds on disposal of property, plant and equipment	33	435
Net cash used by investing activities	(7,437)	(6,249)
Financing activities		
Repayment of long-term debt	(273)	(447)
Increase (decrease) in cash	2,637	(1,238)
Cash at beginning of year	9,503	10,741
Cash at end of year	$ 12,140	$ 9,503
Supplementary cash flow information		
Interest paid	$ 4	$ 26
Interest received	$ 880	$ 520

The accompanying notes are an integral part of these financial statements.

Notes to the Consolidated Financial Statements
for the year ended March 31, 2007

Note 1

Authority and Purpose

The Alberta Research Council Inc. is incorporated under the *Alberta Business Corporations Act* (Alberta).

The Ministry of Advanced Education and Technology was established as a result of the government restructuring announced on December 13, 2006. The Alberta Research Council Inc. ("Research Council") is a subsidiary of the Ministry of Advanced Education and Technology of the Province of Alberta. The Ministry of Advanced Education and Technology and its wholly owned subsidiaries are exempt from the payment of income tax under Section 149 of the *Income Tax Act* (Canada).

The mission of the Research Council is to develop and help deploy innovative science and technology solutions for the benefit of Alberta.

Note 2

Summary of Significant Accounting Policies and Reporting Practices

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The precise determination of many assets and liabilities is dependent upon future events. Accordingly, the preparation of financial statements for a reporting period necessarily involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates. These consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

(a) Basis of Consolidation

These consolidated financial statements include the accounts of the Research Council and its wholly owned subsidiary, C-FER Technologies (1999) Inc.

(b) Marketable Securities

Shares of public companies are recorded at the lower of cost and market value.

(c) Property, Plant and Equipment

Property, plant and equipment are recorded at cost and are amortized on a straight-line basis over their estimated useful lives using the following annual rates:

Building	Thirty years
Leasehold improvements	Twenty-five years
Equipment	Five to twenty years
Furniture and fixtures	Five years
Computer equipment and software	Three years

(d) Patents and Other Intangible Assets

Expenses incurred related to patents owned by the Research Council as a result of research activity are not capitalized due to the uncertain value of benefits which may accrue to the Research Council.

Expenses incurred on the development of other intangible assets including intellectual capital are not capitalized as there currently is not an acceptable methodology for measuring the value of future benefits accruing to the Research Council.

(e) Revenue Recognition

General revenues received from the Province of Alberta are recognized as revenue in the year the transfers to the Research Council are authorized by the Government of Alberta.

Contract revenue is recognized as costs are incurred, up to the contract maximum and in accordance with contracted cost-sharing ratios. Revenue from C-FER contracts is recognized using the percentage of completion method. The Research Council makes full provision for all known or estimated losses on uncompleted contracts as soon as they can reasonably be estimated.

Royalties and licensing fees are recognized as they accrue in accordance with the relevant agreements and when the amount can be reasonably estimated and there is reasonable assurance of collectability of proceeds.

Revenue from product sales is recognized when products are delivered.

Note 2

Summary of Significant Accounting Policies and Reporting Practices (continued)

(f) Expenses Incurred by Others

Services contributed by other entities in support of the Research Council's operations have not been recorded in the financial statements and are disclosed in Schedule 1.

(g) Pension Plans

The Research Council participates in multi-employer pension plans with related government entities. Pension costs included in these financial statements are comprised of the cost of employer contributions for the current service of employees during the year and additional employer contributions for service relating to prior years.

(h) Impairment of Long-Lived Assets

Long-lived assets are assessed for impairment when events and circumstances warrant. The carrying value of a long-lived asset is impaired when the carrying amount exceeds the estimated undiscounted net cash flow from use and fair value. In that event, the amount by which the carrying value of an impaired long-lived asset exceeds its fair value is charged to earnings. Fair value is generally determined using a discounted cash flow analysis.

Note 3

Cash

Cash consists primarily of deposits in the Consolidated Cash Investment Trust Fund ("CCITF") of the Province of Alberta. The CCITF is managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high quality short-term and mid-term securities with a maximum term to maturity under three years. Interest is earned on the daily cash balance at the average rate of earnings of the CCITF, which varies depending on prevailing market interest rates. The average rate of interest earned on cash balances in the year was 4.11% (2006 - 2.84%). Cash of $154,000 (2006 - $843,000) is held in trust for use in a Canadian International Development Agency ("CIDA") project.

Note 4

Accounts Receivable

(in thousands)	2007	2006
Commercial	$ 10,347	$ 9,971
Alberta government departments and agencies (Note 7)	2,879	1,940
	$ 13,226	$ 11,911

Commercial accounts receivable are recorded net of $786,000 (2006 - $751,000) of allowance for doubtful accounts.

Note 5

Transfer of Facility

During 2005, the Research Council began construction of a new Agriculture Fibre Processing Facility at the Mill Woods building. This facility was completed during 2006 at a total cost of $4,378,000. The total costs incurred during 2007 were $nil (2006 - $2,667,000).

Ownership of the facility was transferred to the Ministry of Alberta Infrastructure and Transportation through a charge against equity in the 2006 fiscal year.

The Research Council had entered into an agreement with Western Economic Diversification for a total of $1,448,000 towards the cost of the facility. The agreement had been fully recognized by the Research Council as commercial revenue. For the year ended March 31, 2007 - $nil (2006 - $864,000).

Note 6

Property, Plant and Equipment

(in thousands)	2007 Cost	2007 Accumulated Amortization	2007 Net	2006 Net
Land	$ 566	$ —	$ 566	$ 566
Building	2,142	575	1,567	1,634
Leasehold improvements	1,006	449	557	568
Equipment	40,260	24,373	15,887[1]	11,412
Furniture and fixtures	126	111	15	21
Computer equipment and software	2,933	1,290	1,643	291
	$ 47,033	$ 26,798	$ 20,235	$ 14,492

(1) The Research Council has entered into two agreements with Western Economic Diversification and will receive $776,000 toward the cost of equipment. This revenue is recognized into income through commercial revenue over the useful life of the assets. For the year ended March 31, 2007, the Research Council has recognized $8,000 of revenue of the total amount of $776,000.

Note 7

Related Party Transactions

The following tables summarize the Research Council's related party transactions for the year:

Revenues (in thousands)				
Related Party	Relationship	Transaction	2007	2006
Advanced Education and Technology	Ministry	Investment Revenue	$ 28,350	$ 26,000
Advanced Education and Technology	Ministry	Contract Revenue	5,686	3,913
Agriculture and Food	Ministry	Contract Revenue	263	221
Energy	Ministry	Contract Revenue	65	22
Environment	Ministry	Contract Revenue	1,402	1,704
Sustainable Resource Development	Ministry	Contract Revenue	125	45
Other ministries (1)	Ministry	Contract Revenue	94	62
			7,635	5,967
			$ 35,985	$ 31,967

Expenses (in thousands)				
Related Party	Relationship	Transaction	2007	2006
Advanced Education and Technology	Ministry	IMAGIS System	$ 380	$ 380
Energy	Ministry	Services	232	—
Finance	Ministry	Insurance	330	108
Infrastructure and Transportation	Ministry	Parking	64	62
Other ministries (1)	Ministry	Miscellaneous	71	26
			$ 1,077	$ 576

(1) Other ministries include related party amounts less than $50,000.

Note 7

Related Party Transactions (continued)

Included in accounts receivable are the following related party transactions:

	(in thousands)		
Related Party	Relationship	2007	2006
Agriculture and Food	Ministry	$ 38	$ 179
Advanced Education and Technology	Ministry	2,505	1,205
Environment	Ministry	232	536
Sustainable Resource Development	Ministry	60	—
Other ministries	Ministry	44	20
		$ 2,879	$ 1,940

Included in accounts payable are the following related party transactions:

	(in thousands)		
Related Party	Relationship	2007	2006
Energy	Ministry	$ 210	$ —
Finance	Ministry	10	3
		$ 220	$ 3

Included in unearned contract revenue are the following related party transactions:

	(in thousands)		
Related Party	Relationship	2007	2006
Advanced Education and Technology	Ministry	$ 1,231	$ 450
Agriculture and Food	Ministry	300	72
Environment	Ministry	226	166
International, Intergovernmental and Aboriginal Relations	Ministry	50	—
Other ministries	Ministry	47	49
		$ 1,854	$ 737

Included in accrued income receivable is the following related party transaction:

	(in thousands)		
Related Party	Relationship	2007	2006
Advanced Education and Technology	Ministry	$ 85	$ 184

Accommodation Costs

The premises occupied by the Research Council, as well as some office furniture and tenant improvements, have been provided by the Province of Alberta at no cost (see Schedule 1).

Note 8

Long-term Debt

(in thousands)	2007	2006
5.37% mortgage, due October 2006, payable in monthly instalments of $39,376 including interest	$ —	$ 273
Less: Current portion	—	273
	$ —	$ —

The mortgage became due in October 2006 and has been fully paid.

Note 9

Contingencies

(a) During fiscal 2000, the Research Council was made aware of a $2,200,000 claim relating to intellectual property ownership, which was filed by a former employee. Management believes that the claim is without merit; however, the likelihood of loss is not determinable at this time. Any settlement that may occur would be accounted for as a charge against earnings in the year of settlement.

(b) The Research Council is aware of a contractual dispute with a former project partner. Any settlement that may occur would be accounted for as a charge against earnings in the year of settlement.

Note 10

Commitments

Future minimum lease payments for office equipment and vehicles over the next four years and in total are as follows:

(in thousands)	
Year ending March 31, 2008	$ 143
2009	120
2010	50
2011	11
	$ 324

Note 11

Net Change in Non-Cash Working Capital Balances

(in thousands)	2007	2006
Accounts receivable	$ (1,315)	$ (1,561)
Accrued income receivable	(276)	109
Prepaid expenses	(80)	208
Accounts payable and accrued liabilities	4,344	(767)
Unearned contract revenue	656	1,852
	$ 3,329	$ (159)

Note 12

Pension Plan

The Research Council participates in three multi-employer pension plans: Management Employees Pension Plan, Supplementary Retirement Plan and Public Service Pension Plan, as well as a Defined Contribution Plan. The expense for these pension plans is equivalent to the annual contributions of $2,663,000 for the year ended March 31, 2007 (2006 - $2,506,000).

Note 13

Board of Directors and Senior Executive Salaries and Benefits

	2007				2006
	Base Salary	Other Cash Benefits	Other Non-Cash Benefits	Total	Total
	(1)	(2)	(3)		
Chair of the Board (4)	$ —	$ —	$ —	$ —	$ —
Board Members	—	25,008	—	25,008	14,486
Chief Executive Officer	200,004	116,004	3,898	319,906	302,310
Executive / Vice Presidents					
Chief Financial Officer	134,436	20,000	30,872	185,308	170,419
Vice-President, Energy (5)	150,229	15,000	31,630	196,859	237,005
Vice-President, Engineered Products and Services	147,776	20,000	30,918	198,694	165,932
Vice-President, Corporate Relations	114,864	9,500	24,558	148,922	146,814
Vice-President, Life Sciences	126,792	25,000	28,730	180,522	160,123
Vice-President, Strategic Development (6)	136,412	9,500	29,198	175,110	195,501

(1) Base salary includes regular base pay.

(2) Other cash benefits include bonuses, overtime, car allowance, payments made in lieu of benefits, lump sum payments and honoraria.

(3) Other non-cash benefits and allowances includes the employer's share of the cost of pension and Supplementary Retirement Plan, Canada Pension Plan, Employment Insurance, dental, major medical, basic life insurance, short and long-term disability, employee health care expense accounts and membership fees.

(4) Remuneration of the Chair of the Board was paid by Advanced Education and Technology.

(5) A new Vice-President, Energy was appointed April 1, 2006.

(6) A new Vice-President, Strategic Development was appointed August 1, 2006.

Note 14

Financial Instruments

Financial instruments consist of accounts receivable, accrued income receivable, marketable securities and long-term investments which will result in future cash receipts as well as accounts payable and accrued liabilities which will result in future cash outlays.

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties, matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The fair values of accounts receivable, accrued income receivable, accounts payable and accrued liabilities approximate the carrying values due to their short-terms to maturity. The fair value of the marketable securities is their market value as disclosed on the balance sheet.

The Research Council is exposed to normal credit risk with respect to its commercial sales. However, this is minimized by the Research Council's program of credit evaluation of new customers. Provisions are maintained for potential credit losses, and any such losses to date have been within management's expectations. The Research Council is not exposed to significant credit risk from any one customer.

Note 15

Budget

The 2007 budget was approved by the Board of Directors on March 22, 2006.

Note 16

Comparative Figures

The comparative figures have been reclassified where necessary to conform with current year presentation.

Schedules to the Consolidated Financial Statements
for the year ended March 31, 2007

Schedule 1

Consolidated Schedule of Allocated Costs [1]
for the year ended March 31, 2007

(in thousands)	2007 Expense	2007 Expenses Incurred by Others — Accommodation Costs	2007 Total Expenses	2006 Total Expenses
	(2)	(3)		
Total Expense	$ 71,111	$ 16,642	$ 87,753	$ 80,329

(1) If these allocated costs were paid for by the Research Council, the Province's contribution to the Research Council would be increased by $16,642,000 making total revenue for 2007 $93,077,000. Net profit for 2007 would have remained at $5,324,000.

(2) Expenses as per Consolidated Statement of Revenue and Expense and Operating Equity.

(3) Accommodation costs, including premises occupied by the Research Council, as well as some office furniture and tenant improvements, have been provided by the Province of Alberta at no cost. The Province's costs to provide this support are as follows:

(in thousands)	2007	2006
Accommodation cost		
Building maintenance	$ 9,259	$ 8,829
Grants in lieu of taxes	2,053	1,821
Lease costs	2,012	1,964
Project expenses	404	—
Amortization	2,914	2,912
	$ 16,642	$ 15,526

Schedule 2

Schedule of Segmented Information

for the year ended March 31, 2007

The Research Council has four reportable segments: energy, engineered products and services, life sciences and corporate/ commercialization. During the year, Life Sciences and Integrated Resource Management were merged into a single reporting segment. These segments represent the company's management structure and internal financial reporting.

The Research Council derives revenue through technology development, demonstration and deployment work, conducted within these units. Energy develops and helps industry deploy technologies that improve recovery and reduce the production costs for hydrocarbon, cleaner and alternative energy technologies. Engineered Products and Services develop and deploy value-added bio-based products and processes. Life Sciences helps capture the full commercial potential of new discoveries; bringing together industry, government and communities to create innovative science and technology solutions that enrich life with environmental, economic and social benefits.

Corporate/commercialization includes general and administrative expenses that are not allocated to specific segments. Revenues include interest, royalty and other revenues that have not been allocated to specific segments.

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in Note 2 except for subsection (f) Expenses Incurred by Others. The Research Council allocates these expenses across the segments based on the market value of the services received by each segment. The Research Council evaluates performance based on operating surplus or deficit before extraordinary items and discontinued operations.

Financial information by reportable segment for the years ended March 31, 2007 and 2006 is as follows:

i) Operating results by operating segment

	2007					2006				
(in thousands)	Energy	Engineered Products & Services	Life Sciences	Corporate / Commercialization	Total	Energy	Engineered Products & Services	Life Sciences	Corporate / Commercialization	Total
External revenue	$ 26,351	$ 7,037	$ 12,142	$ 2,555	$ 48,085	$ 22,184	$ 6,538	$ 10,961	$ 2,792	$ 42,475
Draw on Provincial Investment Funds	4,224	5,137	9,350	9,639	28,350	4,367	4,712	8,561	8,360	26,000
	$ 30,575	$ 12,174	$ 21,492	$ 12,194	$ 76,435	$ 26,551	$ 11,250	$ 19,522	$ 11,152	$ 68,475
Amortization of segment property, plant and equipment	$ 596	$ 350	$ 611	$ 123	$ 1,680	$ 609	$ 438	$ 488	$ 244	$ 1,779
Segment earnings (loss)	$ 3,481	$ 904	$ 967	$ (28)	$ 5,324	$ 2,286	$ 680	$ 959	$ (253)	$ 3,672

ii) Segment operating property, plant and equipment

	2007					2006				
(in thousands)	Energy	Engineered Products & Services	Life Sciences	Corporate / Commercialization	Total	Energy	Engineered Products & Services	Life Sciences	Corporate / Commercialization	Total
Segment property, plant and equipment purchased during the year	$ 2,456	$ 1,144	$ 2,405	$ 1,465	$ 7,470	$ 910	$ 1,775	$ 1,177	$ 155	$ 4,017
Total segment property, plant and equipment	$ 7,727	$ 4,502	$ 5,842	$ 2,164	$ 20,235	$ 5,867	$ 3,754	$ 4,050	$ 821	$ 14,492

Schedule 2

Schedule of Segmented Information (continued)

for the year ended March 31, 2007

C-FER Technologies (1999) Inc.

C-FER Technologies (1999) Inc. ("C-FER") is a wholly owned subsidiary of the Research Council and is included within the Energy Segment presented above. Separate financial statements are not provided for C-FER as its business is closely integrated with that of the Research Council and disclosure in these statements is considered adequate. The following aggregate amounts are included in these consolidated financial statements in respect of C-FER's financial position, results of operations and cash flows:

(in thousands)	2007	2006
Balance Sheet		
Current assets	$ 3,347	$ 3,710
Property, plant and equipment	3,398	3,206
Current liabilities	4,534	5,291
Statement of Operations		
Total revenue	$ 8,928	$ 7,917
Total expenses	8,342	7,347
Net earnings from operations	586	570
Statement of Cash Flows		
Cash provided by operating activities	$ 1,550	$ 1,145
Cash used in investing activities	(378)	(138)

iCORE Inc.
(Alberta Informatics Circle of Research Excellence)
Financial Statements
for the year ended March 31, 2007

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2	*Related Party Transactions*

AUDITOR GENERAL *Alberta*

Auditor's Report

To the Board of Directors of iCORE Inc.

I have audited the statement of financial position of iCORE Inc. as at March 31, 2007 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of iCORE Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of iCORE Inc. as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

original signed by

Fred J. Dunn, FCA
Auditor General

Edmonton, Alberta
April 20, 2007

Statement of Operations

for the year ended March 31, 2007

(In thousands)	2007 Budget	2007 Actual	2006 Actual
Revenue			
Internal government transfers (Schedule 2)	$ 11,438	$ 10,795	$ 12,370
Other revenue	—	73	67
	11,438	10,868	12,437
Expenses - Directly Incurred			
Research grants (Schedule 2)	10,160	9,531	10,489
Graduate student grants (Note 4)	—	—	579
Salaries and benefits	660	691	590
Communications, outreach and projects	350	418	499
Supplies and services	268	226	254
	11,438	10,865	12,412
Net Operating Results	$ —	$ 3	$ 25

The accompanying notes and schedules are part of these financial statements.

Approved by the Board of Directors

original signed by

Dr. Seamus O'Shea
Chair of the Board
iCORE Inc.

original signed by

Dr. Peter Flynn
Chair of the iCORE Audit Committee
iCORE Inc.

Statement of Financial Position

as at March 31, 2007

(in thousands)	2007	2006
Assets		
Cash	$ 123	$ 106
Accounts receivable	15	—
	$ 138	$ 106
Current Liabilities		
Accounts payable and accrued liabilities	$ 108	$ 79
	108	79
Contractual Obligations (Note 3)		
Net Assets		
Net assets at beginning of year	27	2
Net operating results	3	25
Net assets at end of year	30	27
	$ 138	$ 106

The accompanying notes and schedules are part of these financial statements.

Statement of Cash Flows

for the year ended March 31, 2007

(in thousands)	2007	2006
Cash Provided by (Used in)		
Operating transactions		
Net operating results	$ 3	$ 25
(Increase) decrease in accounts receivable	(15)	9
Increase (decrease) in accounts payable and accrued liabilities	29	(674)
Cash from operating transactions	17	(640)
Increase (decrease) in cash	17	(640)
Cash, beginning of year	106	746
Cash, end of year	$ 123	$ 106

The accompanying notes and schedules are part of these financial statements.

Notes to the Financial Statements
for the year ended March 31, 2007

Note 1

Authority and Purpose

iCORE Inc. is incorporated under the *Business Corporations Act* (Alberta).

The Ministry of Advanced Education and Technology was established as a result of the government restructuring announced on December 13, 2006. iCORE Inc. is a subsidiary of the Ministry of Advanced Education and Technology of the Province of Alberta. The Ministry of Advanced Education and Technology and its wholly owned subsidiaries are exempt from the payment of income tax under Section 149 of the *Income Tax Act* (Canada).

The mandate of iCORE Inc. is to attract and grow a critical mass of outstanding researchers in the fields of computer science, electrical and computer engineering, physics, mathematics and other information and communications technology related disciplines. iCORE Inc. invests in the highest calibre research scientists and leaders who work on fundamental and applied problems in information and communications technology. It aims to fund iCORE Chairs at Alberta universities, around which world-class research teams will be developed.

Note 2

Summary of Significant Accounting Policies and Reporting Practices

These financial statements have been prepared by management in accordance with the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The precise determination of many assets and liabilities is dependent on future events. Accordingly, the preparation of financial statements for a reporting period necessarily involves the use of estimates and approximations which have been made using careful judgement. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below which have been established by government for Provincial Corporations. All amounts are shown in Canadian dollars.

(a) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Expenses

Directly Incurred

Directly incurred expenses are those costs iCORE Inc. has primary responsibility and accountability for, as reflected in the Government's budget documents.

Research grants are recognized when authorized and eligibility criteria are met.

Incurred by Others

Services contributed by other entities in support of iCORE Inc. operations are disclosed in Schedule 2.

Assets

Financial assets of iCORE Inc. are limited to financial claims recoverable at fiscal year end.

The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000.

Liabilities

Liabilities represent all financial claims payable by iCORE Inc. at fiscal year end.

Net Assets / Net Liabilities

Net assets/net liabilities represents the difference between the carrying value of assets held by iCORE Inc. and its liabilities.

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable and accrued liabilities are estimated to approximate their book values.

Note 3

Contractual Obligations

(in thousands)	2007	2006
Grant agreements	$ 20,453	$ 18,761

The aggregate amounts payable for the unexpired terms of these contractual obligations are as follows:

(in thousands)	Grant Agreements
2008	$ 7,416
2009	6,511
2010	4,673
2011	1,853
Thereafter	—
	$ 20,453

Note 4

Graduate Student Grants

During the 2006-2007 fiscal year the graduate student grant program was entirely funded by the Ministry of Advanced Education and Technology. iCORE managed the program. The funding provided by the Ministry of Advanced Education and Technology is not reflected in these financial statements.

Note 5

Comparative Figures

Certain 2006 figures have been reclassified to conform to the 2007 presentation.

Schedules to the Financial Statements
for the year ended March 31, 2007

Schedule 1

Board of Directors and Senior Executive Salaries and Benefits
for the year ended March 31, 2007

	2007			2006
	Base Salary	Other Benefits	Total	Total
	(2)	(3)		
Chair of the Board (1)	$ 15,108	$ —	$ 15,108	$ 12,422
President and Chief Executive Officer (4)	256,143	—	256,143	246,432
Vice President, Programs	109,309	31,041	140,350	129,792

Prepared in accordance with Treasury Board Directive 03/2004.

(1) Board members receive no compensation.

(2) Base salary included regular base pay.

(3) Employer's share of all employee benefits and contributions or payments made on behalf of employees including retirement savings plan, health care, dental coverage, vision coverage and professional development allowance.

(4) The salary amount (including benefits paid by the University) for the President and Chief Executive Officer is $256,143 paid to the University of Alberta for 100% secondment.

Schedule 2

Related Party Transactions
for the year ended March 31, 2007

Related parties are those entities consolidated or accounted for on the modified equity basis in the Province of Alberta's financial statements. Related parties also include management in iCORE Inc.

iCORE Inc. and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

iCORE Inc. had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

(in thousands)	Entities in the Ministry 2007	2006
Revenues - Internal Government Transfers		
Grant from Department of Advanced Education and Technology	$ 10,795	$ 12,370
	$ 10,795	$ 12,370
Expenses - Directly Incurred		
Grant payments to Post-Secondary Institutions	$ 9,351	$ 10,971
Payments to Alberta Research Council Inc.	12	10
	$ 9,363	$ 10,981

iCORE also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

(in thousands)	Entities in the Ministry 2007	2006
Expenses - Incurred by Others		
Accommodation from the Province of Alberta	$ 39	$ 39
	$ 39	$ 39

Alberta Heritage Foundation for Medical Research
Consolidated Financial Statements
March 31, 2007

Audited Information

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AUDITOR GENERAL *Alberta*

Auditor's Report

To the Board of Trustees of the Alberta Heritage Foundation for Medical Research

I have audited the consolidated statement of financial position of the Alberta Heritage Foundation for Medical Research as at March 31, 2007 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are-free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Alberta Heritage Foundation for Medical Research as at March 31, 2007 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

original signed by

Fred J. Dunn, FCA
Auditor General

Edmonton, Alberta
May 11, 2007

Consolidated Statement of Financial Position

as at March 31, 2007

(in thousands)	2007	2006
Assets		
Current assets		
Cash (Note 3)	$ 5,926	$ 8,529
Accounts receivable	343	134
Accounts receivable - employee loan (Note 13)	25	25
Advances and prepaid expenses	82	95
	6,376	8,783
Property and equipment (Note 5)	542	370
Employee loan (Note 13)	150	175
	$ 7,068	$ 9,328
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,370	$ 1,705
Deferred contributions (Note 8)	5,727	7,182
Current portion of deferred lease inducement	28	—
	7,125	8,887
Accrued retirement allowance (Note 7)	1,131	961
Accrued registered pension liability (Note 6)	15	20
Deferred lease inducement	99	13
	8,370	9,881
Deficit (Note 4)	(1,302)	(553)
	$ 7,068	$ 9,328

The accompanying notes are part of these financial statements.

Approved by the Board

original signed by

Gail Surkan
Trustee

original signed by

Nancy Mannix
Trustee

Consolidated Statement of Changes in Net Assets

for the year ended March 31, 2007

(in thousands)	2007			2006
	Invested in Property and Equipment	Unrestricted	Total	Total
Net assets (deficit) - Beginning of year	$ 370	$ (923)	$ (553)	$ 680
Deficiency of revenue over expenses	—	(749)	(749)	(1,233)
Purchase of property and equipment	319	(319)	—	—
Proceeds from disposal of property and equipment	—	—	—	—
Loss on disposal of property and equipment	(4)	4	—	—
Amortization of property and equipment	(143)	143	—	—
Net assets (deficit) - End of year	$ 542	$ (1,844)	$ (1,302)	$ (553)

The accompanying notes are part of these financial statements.

Consolidated Statement of Operations

for the year ended March 31, 2007

(in thousands)	2007	2006
Revenues		
Transfers from Endowment Fund (Note 4)	$ 55,000	$ 50,000
Transfer from Deferred Contributions (Note 8)	6,330	6,732
Interest	607	471
Recoveries on ForeFront (Note 9)	193	128
Donations	1	3
Other revenues	—	105
	62,131	57,439
Expenses		
Grants, awards and program (Note 14)		
Research support	33,258	29,638
Knowledge transfer programs	9,314	9,458
Infrastructure grants	7,995	7,420
Training support	6,660	6,216
Partnerships	325	55
Outreach and education	1,459	1,551
Operations	3,869	4,334
	62,880	58,672
Deficiency of revenues over expenses	$ (749)	$ (1,233)

The accompanying notes are part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended March 31, 2007

(in thousands)	2007	2006
Cash provided by (used in)		
Operating Activities		
Deficiency of revenues over expenses	$ (749)	$ (1,233)
Items not affecting cash		
Amortization of property and equipment	143	139
Loss on sale of property and equipment	4	5
	(602)	(1,089)
Net change in non-cash working capital items		
Accounts receivable	(209)	195
Advances and prepaid expenses	13	5
Accounts payable and accrued liabilities	(335)	361
Deferred contributions	(1,455)	(883)
Accrued retirement allowance	170	342
Accrued registered pension liability	(5)	(60)
	(2,423)	(1,129)
Investing Activities		
Purchase of property and equipment	(319)	(185)
Proceeds on disposal of property and equipment	—	10
Received loan payable	25	—
Deferred lease inducement	114	—
	(180)	(175)
Decrease in cash	(2,603)	(1,304)
Cash - Beginning of year	8,529	9,833
Cash - End of year	$ 5,926	$ 8,529

The accompanying notes are part of these financial statements.

Notes to the Consolidated Financial Statements

for the year ended March 31, 2007

Note 1

Authority and Purpose

The Alberta Heritage Foundation for Medical Research (the "Foundation") operates under the authority of the *Alberta Heritage Foundation for Medical Research Act*, Chapter A-21, Revised Statutes of Alberta 2000, as amended. The Foundation is exempt from income tax under Section 149(1)(d.l) of the *Income Tax Act*.

The Foundation supports and promotes research in Alberta to improve health and thereby the quality of life of Albertans and people throughout the world.

Note 2

Significant Accounting Policies and Reporting Practices

These consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. Because the precise determination of many assets, liabilities, revenues and expenses are dependent on future events, the preparation of financial statements for a period necessarily includes the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates. These consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

a) Basis of presentation

These consolidated financial statements include the accounts of the Alberta Foundation for Health Research, a wholly owned subsidiary of the Foundation, which operates under the Alberta Companies Act and is a registered charitable organization for income tax purposes. The Alberta Foundation for Health Research activities are directed to promote and support medical and health research.

b) Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Property and equipment, except for leasehold improvements, are amortized on a straight-line basis over their estimated useful lives at the following annual rates:

Furniture	10%
Office Equipment	20%
Computer Equipment	33%

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

c) Financial instruments

Short-term instruments are valued at their carrying amounts included on the consolidated statement of financial position, which are reasonable estimates of fair value due to the relatively short period to maturity of the instruments. This approach applies to cash, restricted cash, accounts receivable, advances, and accounts payable and accrued liabilities.

d) Revenue recognition

Unrestricted contributions are recognized as revenue in the current period if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

Restricted contributions are deferred and are recognized as revenue in the period in which the related expenses are incurred. Restricted investment income is deferred and recognized as revenue in the period in which the related expenses are incurred.

e) Grants and awards expense

Grants and awards approved by the Trustees of the Foundation are recorded when substantially all terms and conditions for the implementation of the grant and/or award have been met.

Note 3

Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund ("CCITF") of the Province of Alberta. The CCITF is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is comprised of high quality, short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at March 31, 2007, securities held by the CCITF have an average effective market yield of 4.36% per annum (March 31, 2006 - 3.96% per annum).

Trustees have authority to draw down funds from the endowment to cover cash requirements. Cash is therefore drawn from the endowment on an as needed basis. Funds to cover deferred contributions (Note 8) are also included in cash and maintained in the Consolidated Cash Investment Trust Fund.

Note 4

Alberta Heritage Foundation for Medical Research Endowment Fund

The Endowment Fund operates pursuant to the *Alberta Heritage Foundation for Medical Research Act* (the "Act") and consists of an endowment from the Government of Alberta together with cumulative earnings thereon, less cumulative transfers to the Foundation.

Transfers to the Foundation are available at the request of the Trustees of the Foundation in accordance with the terms of the Act.

At March 31, 2007, the net assets of the Endowment Fund valued at cost were approximately $1.370 billion ($2006 - $1.129 billion) and the market value of the investments was $1.490 billion ($2006 - $1.210 billion).

The Foundation's policy is to retain funds in the Endowment Fund and transfers are made only on an as needed basis. This policy may result in a deficit within the statement of financial position of the Foundation.

Note 5

Property and Equipment

(in thousands)	2007 Cost	2007 Accumulated Amortization	2007 Net	2006 Net
Furniture and equipment	$ 531	$ 329	$ 202	$ 223
Computer hardware and software	1,301	1,162	139	113
Leasehold improvements	231	203	28	34
Leasehold under construction	173	—	173	—
	$ 2,236	$ 1,694	$ 542	$ 370

Note 6

Pension Plan

The Foundation's pension plan is a defined benefit plan. An actuarial valuation of the plan was carried out on March 31, 2007. The next actuarial valuation for funding purposes must be at an effective date no later than March 31, 2010. The following significant actuarial assumptions were employed to determine the pension expense and the accrued benefit obligation:

	2007	2006
Expected long-term rate on return of plan assets	7.00%	7.00%
Discount rate	5.75%	6.00%
Assumed rate of salary escalation	4.50%	4.50%

The transitional asset is being amortized over the average remaining service period of active employees expected to receive benefits under benefit plans.

The cost of pensions and other retirement benefits earned by employees is determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. For purposes of calculating the expected return on plan assets, those assets are valued at fair value. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the average remaining service life of active employees. 100% of the plan assets are held in trust by Manulife Financial and are invested in accordance with pension plan investment policy.

Note 6

Pension Plan (continued)

Information about the Foundation's defined benefit plan is a follows:

a) Pension Expense

(in thousands)	2007	2006
Current service cost, net of employee contributions	$ 225	$ 207
Interest cost	217	178
Expected return on plan assets	(208)	(184)
Amortization of net actuarial loss	24	12
Amortization of transitional asset	(29)	(29)
Defined benefit plan expense	$ 229	$ 184

b) Accrued Benefit Obligation

(in thousands)	2007	2006
Accrued benefit obligation - Beginning of year	$ 3,518	$ 2,803
Current service cost - net of employee contributions	225	207
Employee contributions	54	61
Interest cost	217	178
Actuarial loss	(31)	428
Benefits paid	(319)	(159)
Accrued benefit obligation - End of year	$ 3,664	$ 3,518

c) Plan Assets

(in thousands)	2007	2006
Fair value of plan assets - Beginning of year	$ 2,986	$ 2,570
Actual return on plan assets	295	270
Contributions	288	305
Benefits paid	(319)	(159)
Fair value of plan assets - End of year	$ 3,250	$ 2,986

d) Accrued Benefit Liability

(in thousands)	2007	2006
Funded status - plan deficit	$ 414	$ 532
Unamortized net actuarial loss	(711)	(853)
Unamortized net transitional asset	312	341
Accrued benefit liability	$ 15	$ 20

Note 7

Retirement Allowance

The retirement allowance consists of the unfunded liability for the Foundation's supplemental retirement plan, the benefits under which are paid for entirely by the Foundation when they come due. There are no plan assets. The unfunded liability at March 31, 2007 of $1,130,500 (2006 - $961,000) has been accrued, $216,900 was expensed and $46,900 was paid out in 2006-2007. The liability was determined by an independent actuary using the same assumptions that were used to value the pension plan.

Participation in the supplemental retirement plan was closed to new entrants effective March 7, 2007. Benefits for the five participants are supplemental to the Registered Plan, vested, and either based on a fixed annual amount or length of service and final average earnings that exceed the Registered Plan limits set out in the *Income Tax Act*.

Information about the Foundation's retirement allowance plan is as follows:

a) Pension Expense

(in thousands)	2007	2006
Current service cost	$ 72	$ 74
Interest cost	61	56
Amortization of net actuarial loss	84	258
Retirement allowance	$ 217	$ 388

b) Accrued Benefit Obligation

(in thousands)	2007	2006
Accrued benefit obligation - Beginning of year	$ 961	$ 619
Current service costs	72	74
Interest cost	61	56
Actuarial loss	84	258
Benefits paid	(47)	(46)
Accrued benefit obligation - End of year	$ 1,131	$ 961

Note 8

Deferred Contributions

a) Health Research Collaboration ("HRC")

The Foundation and Alberta Health and Wellness have entered into an agreement to facilitate and enhance health research and health technology assessment and their dissemination in the province of Alberta. This agreement concluded March 31, 2007 and remaining funds will be used to meet all outstanding and forward commitments under the agreement.

Responsibility for the health technology assessment component was transferred from the Foundation to the Institute of Health Economics. Related staff and the operating budget for the balance of the year were included in the transfer.

b) Diabetes Research and Innovation Fund ("DRIF")

The Foundation and Alberta Health and Wellness with the Government of the Yukon, have entered into an agreement to support research in the prevention and management in the cure of diabetes.

c) Alberta Mental Health Board ("AMHB")

The Foundation and the Alberta Mental Health Board have entered into a cost-sharing agreement to jointly fund training awards in the area of mental health research.

Deferred contributions represent unspent resources externally restricted under the HRC Agreement, the Diabetes Research and Innovation Fund and the Alberta Mental Health Board.

Amounts are recognized as revenue to the extent of expenses incurred under these programs during the current period. Unspent grants returned for awards ended or terminated in a prior year are credited directly to deferred contributions.

Changes in the deferred contributions balance are as follows:

(in thousands)	2007	2006
Contributions received during the year		
Transfers from Alberta Health and Wellness	$ 4,800	$ 4,800
Transfers from Diabetes Research and Innovation Fund	—	1,010
Transfers from Alberta Mental Health Board	75	—
Transfers from Canadian Nurses Foundation	—	17
Transfers from Health Quality Council of Alberta	—	38
	4,875	5,865
Less: Amounts recognized as revenue in current year		
Health Research Collaboration	6,330	6,677
Canadian Nurses Foundation	—	17
Health Quality Council of Alberta	—	38
	6,330	6,732
Decrease during the year	(1,455)	(867)
Balance at beginning of year	7,182	8,049
Balance at end of year	$ 5,727	$ 7,182
Balance is comprised as follows:		
Health Research Collaboration ("HRC")	$ 4,642	$ 6,172
Diabetes Research and Innovation Fund ("DRIF")	1,010	1,010
Alberta Mental Health Board ("AMHB")	75	—
	$ 5,727	$ 7,182

Note 9

Recoveries on ForeFront

The Foundation has entered into various agreements to fund technology commercialization projects. The Foundation believes these projects have high scientific merit, but are speculative with both technical and commercial risk. Any recoveries by the Foundation under these agreements will be long-term, in some cases at least ten years. In addition to recoveries, some agreements contain a provision for future royalty payments.

Note 10

Commitments

(in thousands)	Grants and Awards (a)	Office Premises (b)	SEARCH Canada (c)	Total
2007-2008	$ 38,772	$ 156	$ 2,270	$ 41,198
2008-2009	25,917	156	2,270	28,343
2009-2010	20,010	170	—	20,180
2010-2011	15,152	184	—	15,336
2011-2012	1,920	92	—	2,012
	$ 101,771	$ 758	$ 4,540	$ 107,069

(a) Grants and awards for which all terms and conditions have been agreed to are recorded as commitments.

(b) The Foundation has entered into a 60 month lease for office premises at the conclusion of the current lease. This lease commences on October 1, 2006 and expires on September 30, 2011.

The leased premises cost is as follows:

- Months 1-36 @ $11 per Sq. ft.
- Months 37-60 @ $13 per Sq. ft.

(c) SEARCH Canada is an independent not-for-profit organization established in 2005 by the Foundation, Alberta's nine health regions and the University of Calgary. The Foundation committed to annual payments of $2,270,000 for four years and there are currently two years remaining in the commitment.

Note 11

Executive Compensation

	2007				2006
	Base Salaries	Other Cash Benefits	Other Non-Cash Benefits	Total	Total
	(b)		(c)	(d)	
Chairman	$ 17,600	$ —	$ —	$ 17,600	$ 11,983
Board of Trustees	70,850	—	—	70,850	73,093
President and Chief Executive Officer (a)	274,275	—	76,102	350,377	394,836
Vice President - Programs	174,208	—	104,997	279,205	265,394
Vice President - Corporate Affairs	139,366	—	48,333	187,699	194,098
	$ 676,299	$ —	$ 229,432	$ 905,731	$ 939,404

(a) The taxable benefit amount for the home loan for the President & Chief Executive Officer is excluded from the figures indicated above.

(b) Salaries include regular base pay, overtime, retainers, honoraria and any other direct cash remuneration.

(c) Other non-cash benefits include the Foundation's share of all employee benefits and contributions or payments made on behalf of the employees including pension and supplementary retirement plan, health care, dental coverage, group life insurance, short and long-term disability plans and professional memberships.

(d) Salaries and benefits are distributed to various expense categories including program planning, governance and corporate administration.

Under the terms of the supplementary retirement plan ("SRP"), executive officers may receive supplemental retirement payments. Retirement arrangement costs as detailed below are not cash payments in the period but are the period expense for rights to future compensation. Costs shown reflect the total estimated cost to provide annual pension income over an actuarially determined post employment period. SRP provides future pension benefits to participants based on years of service and earnings. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains and losses of the benefit obligations are amortized over the average remaining service life of the employee group. Current service cost is the actuarial present value of the benefits earned in the fiscal year. Prior service and other costs include amortization of past service costs on plan initiation, amortization of actuarial gains and losses, and interest accruing on the actuarial liability.

Supplementary Retirement Benefits

	2007			2006
(in thousands)	Current Service Cost	Prior Service and Other Costs	Total	Total
President and Chief Executive Officer	$ 54	$ (10)	$ 44	$ 94
Vice President - Corporate Affairs	5	22	27	47
Vice President - Programs	11	74	85	86
	$ 70	$ 86	$ 156	$ 227

The accrued obligation for each executive under the SRP is outlined in the following table:

(in thousands)	Accrued Obligation March 31, 2006	Changes in Accrued Obligation	Accrued Obligation March 31, 2007
President and Chief Executive Officer	$ 94	$ 44	$ 138
Vice President - Corporate Affairs	79	27	106
Vice President - Programs	124	85	209

Note 12 Budget

The budget process involves the determination of the cost for the estimated number of investigators sponsored for Foundation awards and meeting standards of excellence which the Foundation could support within the spending guidelines and program objectives laid out by the Board of Trustees of the Foundation. Variance from budget is determined largely by the number and quality of actual applications received and deferred or declined awards.

The 2006-2007 Foundation budget was approved by the Board of Trustees in March 2006. Following is the Unconsolidated Alberta Heritage Foundation for Medical Research budget:

(in thousands)	Actual	Budget
Revenue	$ 62,123	$ 64,104
Expenses		
Research support	33,258	31,500
Training support	6,660	6,650
Knowledge transfer	9,307	11,092
Infrastructure grants	7,995	7,600
Partnerships	325	137
Outreach and education	1,459	1,499
Operations	3,869	4,193
	$ 62,873	$ 62,671

Funds are budgeted and transferred from the Endowment Fund on an as needed basis.

Note 13 Employee Loan

The home relocation loan for the President and Chief Executive Officer of the Foundation is secured by a first mortgage registered against the property. The term of the loan is for four years, payable in annual instalments of $25,000, commencing July 1, 2006 provided that any balance owing shall become immediately payable upon termination of employment. If the employment term is extended, the loan repayment term will also be extended with annual payments of $25,000, until the loan is repaid. This loan remains interest free unless the mortgagor is in default at which point the interest will be a rate of 2% above the annual Bank of Canada rate.

Note 14 Grants, Awards and Programs

The Foundation provides peer reviewed grants and awards to individuals, institutions and other entities in the areas of health research, training and knowledge transfer. It also internally operates or externally supports programs related to applied health research. Support for some of these activities is from funding outlined in Note 8. The Foundation also jointly funds programs in partnership with other national agencies.

Note 15 Approval of Financial Statement

These financial statements were approved by the Board of Trustees.

Note 16 Comparative Figures

Expenses have been reclassified into major categories that reflect the focus and strategic direction of the Foundation. In addition, other expenses have been consolidated.

Figures from 2006 have been reclassified to conform to the 2007 presentation.

Alberta Heritage Foundation for Science and Engineering Research (operating as Alberta Ingenuity)

Financial Statements

March 31, 2007 *Audited Information*

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets (Liabilities)

Statement of Cash Flow

Notes to the Financial Statements

Schedule to the Financial Statements

Schedule A *Consolidated Statement of Operations*

AUDITOR GENERAL *Alberta*

Auditor's Report

To the Board of Trustees of the Alberta Heritage Foundation for Science and Engineering Research

I have audited the statement of financial position of the Alberta Heritage Foundation for Science and Engineering Research as at March 31, 2007 and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Alberta Heritage Foundation for Science and Engineering Research as at March 31, 2007 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

original signed by

Fred J. Dunn, FCA
Auditor General

Edmonton, Alberta
May 11, 2007

Statement of Financial Position

as at March 31, 2007

(in thousands)	2007	2006
Assets		
Current		
Cash (Note 3, 4)	$ 25,680	$ 13,115
Accounts and interest receivable	108	43
Contributions receivable (Note 6)	310	—
Advances and prepaid expenses	3	5
	26,101	13,163
Long-term		
Portfolio Investments - Prion Fund (Note 4)	10,920	25,115
Property and equipment (Note 5)	644	453
Total Assets	$ 37,665	$ 38,731
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	$ 1,038	$ 209
Current portion of deferred lease inducement	39	32
	1,077	241
Long-term		
Deferred lease inducement	307	251
Deferred contributions (Note 6)	37,754	37,899
	39,138	38,391
Net assets (liabilities)		
Unrestricted	(2,117)	(113)
Invested in capital assets	644	453
	(1,473)	340
	$ 37,665	$ 38,731

The accompanying notes and schedule are part of these financial statements.

Approved by the Board

original signed by

Mr. Ronald Triffo, P.Eng.
Chairman

original signed by

Ms. Mary Ritchie, FCA
Trustee

Statement of Operations

for the year ended March 31, 2007

(in thousands)	2007 Budget (Note 7)	2007 Actual (Schedule A)	2006 Actual
Revenue			
Transfers from Endowment Fund (Note 9)	$ 23,900	$ 21,700	$ 17,975
Grants from Advanced Education and Technology (Note 6)	8,023	6,417	1,884
Interest and other revenue	24	71	32
	31,947	28,188	19,891
Expenses			
Grants and Awards			
Ingenuity Centres	7,312	8,502	1,669
Students	4,659	4,121	3,328
Research Funding	3,209	3,438	—
Industrial Associateships	3,280	3,304	2,447
Infrastructure Funding	4,000	2,200	—
New Faculty Awards	2,620	1,982	1,273
Fellowships	1,602	1,468	1,756
Scholars	984	725	570
Sponsorships	319	396	261
Genome Alberta	—	—	1,350
Industrial Internships	150	150	75
Special Initiatives	110	103	103
Associateships / Establishment Grants	10	43	137
	28,255	26,432	12,969
Operations			
Human Resources	1,401	1,826	1,152
Communication / External Relations	536	397	260
Program Development	319	196	10
Peer Review	134	138	48
	2,390	2,557	1,470
Administration			
Corporate Administration	702	577	492
Governance and Planning	363	330	260
Amortization of Property and Equipment	92	105	76
	1,157	1,012	828
Total Expenses	31,802	30,001	15,267
Excess (deficiency) of revenues over expenses	$ 145	$ (1,813)	$ 4,624

The accompanying notes and schedule are part of these financial statements.

Statement of Changes in Net Assets (Liabilities)

for the year ended March 31, 2007

(in thousands)	2007			2006
	Invested in Capital Assets	Unrestricted	Total	Total
Balance at beginning of year	$ 453	$ (113)	$ 340	$ (4,284)
Excess (deficiency) of revenue over expenses	—	(1,813)	(1,813)	4,624
Purchase of property and equipment	296	(296)	—	—
Loss on disposal of property and equipment	—	—	—	—
Amortization of property and equipment	(105)	105	—	—
Balance at end of year	$ 644	$ (2,117)	$ (1,473)	$ 340

Statement of Cash Flow

for the year ended March 31, 2007

(in thousands)	2007	2006
Cash Flows from Operating Activities		
Cash from Endowment Fund transfers and investment earnings	$ 21,771	$ 18,007
Cash for grants and awards	(25,656)	(18,102)
Cash for operations	(2,175)	(1,465)
Cash for administration	(1,300)	(779)
Cash to Prion Research Fund	—	35,000
Investment in Genome Alberta Fund	—	3,000
Cash from Prion Fund CCITF earnings	651	583
Cash from Genome Alberta investment earnings	61	85
Cash from Water Fund transfers and investment earnings	5,046	—
Net Cash provided from operating activities	(1,602)	36,329
Cash Flows from Financing and Investing Activities		
Cash paid for purchase of property and equipment	(296)	(376)
Investment in Prion Research Fund	14,196	(25,115)
Income from Prion Investment Fund	204	1,115
Deferred lease inducement	63	267
Net increase in cash for the year	12,565	12,220
Cash at beginning of year	13,115	895
Cash at end of year	$ 25,680	$ 13,115

Notes to the Financial Statements
for the year ended March 31, 2007

Note 1

Authority and Purpose

The Alberta Heritage Foundation for Science and Engineering Research (the Foundation) operates under the authority of the *Alberta Heritage Foundation for Science and Engineering Research Act*, Chapter A-22, Revised Statutes of Alberta 2003, as amended. The Foundation commenced operations on April 1, 2000 and is exempt from income tax under Section 149(l)(d.1) of the *Income Tax Act*.

The Foundation supports and promotes a balanced long term program of science and engineering research based in Alberta directed to the discovery of new knowledge and application of that knowledge to improve the quality of Alberta's economy, communities and environment.

Note 2

Significant Accounting Policies and Reporting Practices

These financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. The precise determination of many asset and liabilities is dependent on future events. Accordingly, the preparation of financial statements for a reporting period necessarily involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable materiality and within the framework of the accounting policies summarized below.

(a) Property and Equipment

Property, plant and equipment are recorded at cost less accumulated amortization. Property, plant and equipment are amortized on a straight-line basis over their estimated useful lives at the following annual rates:

Furniture	10%
Office Equipment	20%
Computer Equipment	33%

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

(b) Financial Instruments

The Foundation's portfolio investments are held in the Universe Fixed Income Pool (UFIP) established and administered by Alberta Finance. These investments consist of fixed-income securities which are recorded at cost as of the trade date and adjusted for amortization of discount or premium on a straight-line basis over the life of the instruments. The cost of disposals within the UFIP is determined on the average cost basis. Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss and the written-down value is deemed to be the new cost.

UFIP investments have a market-based unit value that is used to value purchases and sales of pool units. Fair values of public fixed-income securities held by UFIP are equal to year-end closing sale prices or the average of the latest bid and ask prices quoted by an independent securities valuation company. Fair values of private fixed income securities held by UFIP are equal to the net present value of future cash flows discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market. The total fair value of portfolio investments is disclosed in Note 4 to the financial statements.

The carrying values of accounts and interest receivable, and accounts payable and accrued liabilities approximate fair value due to the relative short-term maturity of these financial instruments.

(c) Revenue Recognition

Unrestricted contributions are recognized as revenue in the current period if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

Restricted contributions are deferred and recognized as revenue in the period(s) that eligible expenditures are incurred. Restricted investment income is deferred and recognized as revenue on the same basis as the underlying restricted contributions.

(d) Grants and Awards Expense

Grants and awards approved by the Trustees of the Foundation are recorded as expenses when all conditions of eligibility have been met.

Note 2

Significant Accounting Policies and Reporting Practices (continued)

(e) Deferred Lease Inducement

Deferred Lease inducements represent the unamortized portion of cash payments received by the Foundation for office premises. Deferred Lease inducements will be amortized on a straight-line basis over the term of the lease.

(f) Investment Income

Investment income is recorded on the accrual basis where there is reasonable assurance as to its measurement and collect-ability. Gains and losses arising from disposals of investments are included in the determination of investment income.

(g) Derivatives

The Foundation owns a portion of certain derivative contracts through its investment in the UFIP (see Note 4). Derivative contracts are financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates or currency rates. The notional value of a derivative contract represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows. The fair value of these derivatives at the reporting date is included in the fair value of the Foundation's UFIP investment as follows:

(i) Bond index swaps involve exchange of a floating interest rate cash flow for one based on the performance of a market index. Bond index swaps are valued based on changes in the appropriate market based index net of accrued floating rate interest.

(ii) Interest rate swaps involve exchange of fixed and floating rate interest cash flows. Cross-currency interest rate swaps involve exchange of fixed-to-fixed and fixed-to-floating interest rate cash flows of Canadian fixed-income securities denominated in foreign currency for Canadian currency amounts both initially and at maturity. Interest rate swaps and cross-currency interest rate swaps are valued based on discounted cash flows using current market yields and exchange rates.

(iii) Credit default swaps allow counter-parties to buy and sell protection on credit risk inherent in a bond. A premium is paid, based on a notional amount, from one counter-party to a second counter-party in exchange for a contingent payment should a defined credit event occur with respect to the underlying security. Credit default swaps are valued based on discounted cash flows using current market yields and calculated default probabilities.

(iv) Foreign exchange forward contracts are contractual agreements to exchange specified currencies at an agreed upon exchange rate on an agreed future settlement date. Forward foreign exchange contracts are valued based on quoted market prices.

Income and expense arising from net cash flow receivables or payables under derivative contracts are included in investment income. Certain derivative contracts, primarily interest rate swaps and cross-currency interest rate swaps, are designated and accounted for as hedges of market risks. Hedge accounting recognizes fair value gains and losses from hedge-effective derivatives in the same period as the offsetting gains and losses on the security being hedged. Derivative contracts not designated as hedges for purposes of hedge accounting, primarily bond index swaps, forward foreign exchange contracts and credit default swap contracts, are recorded at fair value with gains and losses included in current period income.

Note 3

Cash

Cash consists of demand deposits in the Consolidated Cash Investment Trust Fund (CCITF). The CCITF is administered by the Ministry of Finance with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2007, securities held by the Fund have an average effective market yield of 4.36% per annum (2006 - 3.96% per annum). Included within Ingenuity's cash balance is $20.6 million (2006 - $12.8 million) and $5 million (2006 - $nil) of restricted cash held for PRION Research and Water for Life programs respectively.

Note 4

Portfolio Investments - Prion Fund

The Foundation's Prion Fund investments are held in the Universe Fixed Income Pool (UFIP) established and administered by Alberta Finance. The pool is comprised of high quality Canadian fixed income instruments and related derivatives and is managed with the objective of providing above-average returns compared to the total return of the Scotia Capital Universe Bond Index over a four-year period while maintaining adequate security and liquidity of participants' capital. Competitive returns are achieved through management of the portfolio duration and sector rotation. At March 31, 2007, the Foundation's percentage ownership, at market, in the UFIP was 0.10% (2006 - 0.25%).

Schedule of Investments in Fixed Income Securities (UFIP)

(in thousands)	2007 Cost	2007 Fair Value	2006 Cost	2006 Fair Value
Fixed-income securities				
Government of Canada, direct and guaranteed	$ 2,634	$ 2,531	$ 6,869	$ 6,539
Alberta, direct and guaranteed	4	4	4	4
Other provincial, direct and guaranteed	1,448	1,513	4,208	4,279
Municipal	4	5	120	122
Corporate, public and private	6,765	6,451	13,440	12,699
	10,855	10,504	24,641	23,643
Accounts receivable and accrued investment income	111	111	517	517
Accounts payable and accrued liabilities	(46)	(46)	(43)	(43)
	$ 10,920	$ 10,569	$ 25,115	$ 24,117

A. Investment Risk Management

The Alberta Investment Management department of Alberta Finance manages all of the investments held by Ingenuity. Income and financial returns of the Foundation are exposed to credit risk and price risk. Credit risk relates to the possibility losses may occur from failure of another party to perform according to the terms of a contract. Price risk is comprised of interest rate risk and market risk. Interest rate risk relates to the possibility investments will change in value due to fluctuations in market interest rates. Market risk relates to the possibility investments will change in value due to future fluctuations in market prices. The Foundation considers its investments to be long-term, so market devaluations are not recorded unless there is evidence a decline is other than temporary. As at March 31, 2007, the market value of its UFIP investments was $351,000 less than the recorded cost.

To earn an optimal financial return at an acceptable level of risk, Alberta Finance has established an investment policy which is reviewed annually. Risk is reduced through asset class diversification, diversification within each asset class, and quality and duration constraints on fixed-income instruments. Controls are also in place respecting the use of derivatives.

B. Investment Income

Investment income, by type of income and investment, is as follows:

(in thousands)	2007 Alberta Ingenuity	2007 Prion Research	2007 Genome Alberta	2007 Water for Life	2007 Total	2006 Total
Net investment income by type of income						
Net realized (losses)/gains on investments including derivatives	$ —	$ (617)	$ —	$ —	$ (617)	$ 132
Interest income	72	651	61	46	830	700
Investment income	—	823	—	—	823	987
Security lending income	—	1	—	—	1	1
Administration expenses	—	(3)	—	—	(3)	(5)
	$ 72	$ 855	$ 61	$ 46	$ 1,034	$ 1,815
Net investment income by type of investment						
Income from deposits in the Consolidated Cash Investment Trust Fund ("CCITF")	$ 72	$ 651	$ 61	$ 46	$ 830	$ 700
Income from Universe Fixed Income Pool ("UFIP")	—	204	—	—	204	1,115
	$ 72	$ 855	$ 61	$ 46	$ 1,034	$ 1,815

Note 5

Property and Equipment

(in thousands)	2007 Cost	2007 Accumulated Amortization	2007 Net Book Value	2006 Net Book Value
Furniture and equipment	$ 198	$ 55	$ 143	$ 108
Computer hardware and software	250	134	116	106
Leasehold improvements	419	34	385	239
	$ 867	$ 223	$ 644	$ 453

Note 6

Deferred Contributions

The Ministry of Advanced Education and Technology has committed to provide Alberta Ingenuity with $30 million to promote, facilitate and enhance Water research within Alberta over a 7 year period, commencing in 2006-2007. The amounts were authorized by the Ministry in 2006-07 and $5 million was received in January 2007. The balance of $25 million is scheduled to be delivered in 2007-08. Deferred contribution balances at March 31, 2007 are:

(in thousands)	Prion Research	Genome Alberta	Water for Life	Other Programs	Total
Opening balance	$ 36,164	$ 1,735	$ —	$ —	$ 37,899
Contribution	—	—	5,000	310	5,310
Investment earnings	855	61	46	—	962
Grants and disbursements	(6,361)	—	(56)	—	(6,417)
Ending balance	$ 30,658	$ 1,796	$ 4,990	$ 310	$ 37,754

Deferred Contributions at March 31, 2007 consist of:

(in thousands)	Prion Research	Genome Alberta	Water for Life	Other Programs	Total
Restricted Cash in CCITF	$ 18,813	$ 1,796	$ 5,027	$ —	$ 25,636
Due from Province of Alberta	—	—	—	310	310
Investments	10,920	—	—	—	10,920
Total	$ 29,733	$ 1,796	$ 5,027	$ 310	$ 36,866

As this funding is restricted in its use, the contributions are deferred and recognized as revenue in the period(s) that eligible expenditures are incurred. Restricted investment income is deferred and recognized as revenue on the same basis as the underlying restricted contributions.

At year end, Alberta Ingenuity held $925,000 in funds designated for the Prion Initiative and was due $37,000 from the Water Initiative. Advances are made quarterly from the Prion cash account to Alberta Ingenuity in anticipation of forthcoming Prion expenditures. Prior to year end, Alberta Ingenuity and the Ministry of Advanced Education and Technology entered into agreements that will see Ingenuity manage the Len Bolger Memorial Scholarship ($250,000) and an International Review of the Alberta Life Sciences Institute ($60,000). Payments to Ingenuity under the terms of these agreements will be made during the 2007-08 fiscal year.

Note 7

Budget

The budget process involves the determination of the cost for the estimated number of investigators sponsored for the Foundation's awards and meeting standards of excellence which the Foundation could support within the spending guidelines and program objectives laid out by the Board of Trustees of the Foundation. The Budget was approved by the Board of Trustees on March 14, 2006.

Note 8

Executive Compensation

	2007				2006
	Salaries	Other Cash Benefits	Other Non-Cash Benefits	Total	Total
	(a)	(b)	(c)		
Chairman	$ —	$ 12,225	$ 320	$ 12,545	$ 10,675
Board of Trustees	—	70,350	1,888	72,238	89,578
President	220,000	66,000	28,210	314,210	267,301
	$ 220,000	$ 148,575	$ 30,418	$ 398,993	$ 367,554

(a) Salaries include regular base pay.

(b) Other Cash Benefits include bonuses, overtime, lump sum payments and honoraria.

(c) Other Non-Cash Benefits include the Foundation's share of all employee benefits and contributions or payments made on behalf of employees including Employment Insurance, Canada Pension Plan, Accidental Death and Dismemberment insurance, long and short-term disability plans, professional memberships and group pension.

Note 9

Alberta Heritage Foundation for Science and Engineering Research Endowment Fund

The Endowment Fund operates pursuant to the *Alberta Heritage Foundation for Science and Engineering Research Act* and consists of endowment contributions of $721 million (including $100 million deposited in September 2006) from the General Revenue Fund of the Province of Alberta together with cumulative earnings thereon, less cumulative transfers to the Foundation. At March 31, 2007, the book value of the net assets of the Endowment Fund were $836 million (2006 - $677 million) and the market value of the investments were $892 million (2006 - $716 million).

In the 2005 Spring session of the Alberta Legislature, the Government announced its commitment to increase the Endowment Fund by an additional $500 million. As at March 31, 2007, $200 million has been transferred to the Fund under this commitment.

For 2004-05 and subsequent years, payments from the Endowment Fund to the Foundation in the fiscal year may not exceed 4.5% of the average of the market values of the Fund determined on March 31 of the preceding three fiscal years. Any unused portion of the amount permitted to be paid in a fiscal year may be paid to the Foundation in any subsequent fiscal year.

(in thousands)	2007	2006
Accumulated unused funding limit, opening	$ 12,385	$ 7,902
4.5% of average market value at March 31, preceding three years	26,890	22,458
Transfers to the Foundation during the year	(21,700)	(17,975)
Accumulated unused funding limit, closing	$ 17,575	$ 12,385

Note 10

Commitments

(in thousands)	Ingenuity Centres	Other Grants and Awards	Office Premises	Total
	(a)	(b)	(c)	
2007-2008	$ 8,937	$ 11,804	$ 289	$ 21,030
2008-2009	3,775	2,292	291	6,358
2009-2010	3,775	1,106	300	5,181
2010-2011	1,575	313	301	2,189
2011-2012	1,575	139	316	2,030
	$ 19,637	$ 15,654	$ 1,497	$ 36,788

(a) The amounts to be paid to the Ingenuity Centres in future years will be based on budgets to be submitted by the Centres, the amount of which is not known at this time. The amounts included in the schedule above are based on the amounts budgeted for 2006-07.

(b) Commitments for Other Grants and Awards include amounts estimated to be paid under the terms of the grant agreements in future periods provided all conditions of eligibility are met by the recipient.

(c) The Foundation has entered into [illegible]-month lease for the Manulife office premises, which expires on Janu[illegible]016.

Note 11

Approval of Financial Statements

These financial statements were approved by the Board of Trustees.

Note 12

Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation for the current year.

Schedule to the Financial Statements

for the year ended March 31, 2007

Schedule A

Consolidated Statement of Operations

for the year ended March 31, 2007

(in thousands)	Alberta Ingenuity	Prion Institute	Water Institute	Consolidated
Revenue				
Transfers from Endowment Fund (Note 9)	$ 21,700	$ —	$ —	$ 21,700
Grants from Advanced Education and Technology (Note 6)	—	6,361	56	6,417
Interest and other revenue	71	—	—	71
	21,771	6,361	56	28,188
Programs				
Ingenuity Centres	8,502	—	—	8,502
Students	4,121	—	—	4,121
Research Funding	—	3,438	—	3,438
Industrial Associates	3,304	—	—	3,304
Infrastructure Funding	—	2,200	—	2,200
New Faculty Awards	1,982	—	—	1,982
Fellowships	1,468	—	—	1,468
Scholars	725	—	—	725
Sponsorships	396	—	—	396
Industrial Interns	150	—	—	150
Special Initiatives	103	—	—	103
Associateships / Establishment Grants	43	—	—	43
	20,794	5,638	—	26,432
Operations				
Human Resources	1,446	380	—	1,826
Communications	282	115	—	397
Program Development	190	—	—	190
Peer Review	105	33	—	138
Strategic Initiatives	6	—	—	6
	2,029	528	—	2,557
Administration				
Corporate Administration	357	171	49	577
Governance and Planning	299	24	7	330
Amortization	105	—	—	105
	761	195	56	1,012
	23,584	6,361	56	30,001
Excess (deficiency) of revenues over expenses	$ (1,813)	$ —	$ —	$ (1,813)

Other Information

Audited Information

Endnotes

Statement of Remissions, Compromises and Write-offs

Statement of Guarantees and Indemnities

Endnotes

Endnote A Surveys Conducted by an External Contractor

The final reports on the surveys mentioned below can be access at:

www.advancededucation.gov.ab.ca/pubstats/research.asp

Survey of Post-Secondary Institution Graduates

The Post-Secondary Graduate Outcomes Surveys are conducted every other year of graduates of publicly funded post-secondary institutions two years after graduation. The last survey was conducted in 2006, with 17,243 interviews being conducted of 2003-04 graduates from parchment programs at 28 Alberta publicly funded post-secondary institutions. The results of previous graduate surveys were reported in the Alberta Learning 2003-04 Annual Report and the Alberta Advanced Education 2004-05 Annual Report. However, the results of those surveys are not comparable to the survey results for 2003-04 graduates because of changes in survey methodology. The 2006 survey used a four-point scale for questions related to graduate satisfaction (*very satisfied*, *satisfied*, *dissatisfied* and *very dissatisfied* categories), whereas previous surveys used a five-point scale (including a middle *neutral* response category).

Graduates were surveyed by telephone about their employment outcomes upon graduating, further studies undertaken, and satisfaction with the overall quality of their educational experience. For smaller institutions, a census survey method, which attempts to obtain responses from all graduating students, was used. The larger institutions used a quota sampling method, which targeted achieving a response rate of 60%.

Only graduates of parchment programs (i.e. certificate, diploma and degree programs) were surveyed. The targeted number of responses was set to achieve a 95% confidence level, by institution, with a 5% confidence interval (or better). Results are reported across each of the following types of institutions: all universities combined, all university colleges combined, all colleges combined and all technical institutes combined. Results presented are the combined percentages of respondents who were *very satisfied / satisfied*, or who *strongly agreed / agreed*. *No responses* were excluded.

Sector	Completed Interviews	Confidence Interval
Universities	8,212	±0.7%
Public Colleges	5,469	±0.9%
Technical Institutes	3,101	±1.2%
Private University Colleges	461	±2.7%
System Total	17,243	±0.5%

The 2006 survey was coordinated by Alberta Advanced Education to ensure consistent implementation of the survey among all participating post-secondary institutions, using a common survey methodology and timeframe. The survey was conducted between January and April of 2006 by an independent third-party contractor. The question set used will be in the next update of the *Key Performance Indicators Reporting Manual for Alberta's Post-Secondary Institutions*, available online at:

www.advancededandtech.gov.ab.ca/software

Survey of Apprenticeship Graduates

Surveys of recent apprenticeship graduates are conducted every other year. The last survey was conducted in 2007, with 3,117 interviews of apprentices who had graduated between August 1, 2005 and July 31, 2006. Graduates were surveyed by telephone about their satisfaction with the apprenticeship and industry training system. Survey findings were published in the report *Survey of 2005-06 Graduates of the Apprenticeship System - Key Performance Indicators*, May 14, 2007. The percentages of Alberta apprenticeship training system graduates who were *somewhat satisfied* or *very satisfied* with the quality of their on-the-job training and technical training are reported.

Satisfaction questions are based on a four-point scale. Satisfaction rates are based on those respondents who report being *somewhat satisfied* or *very satisfied*. The percentage is calculated by dividing the sum of the *somewhat satisfied* and *very satisfied* by the total number of survey respondents, including the *don't know* responses to these questions.

Not all apprenticeship graduates completed a technical training component as part of their apprenticeship program. As a result, respondents who had not completed any technical training or who had completed their technical training prior to starting their apprenticeship were omitted from this portion of the analysis. This represents about 13% of the apprentice graduate population.

In order to provide detailed analysis by trade group, training institute and region, the sampling frame included a census of the populations of both cohorts, with a minimum number of completed interviews attained for each cohort. The following table provides the sample size and confidence interval for each cohort.

Cohort	Completed Interviews	Confidence Interval
Graduates who attended technical training and completed on-the-job training requirements of their trade in the 2005-06 school year.	2,268	±1.1%
Graduates who completed their apprenticeship program in the 2005-06 school year, but did not attend technical training in that year.	1,569	±1.6%
Total	3,837	±0.9%

Based on the sampling method identified above, a minimum of 3,837 completed interviews was to be conducted from the two cohorts. The population of 2005-2006 graduates of apprenticeship training was split 55% to 45% respectively between those who completed both their technical training and on-the-job training requirements in the 2005-2006 school year and those who had completed their technical training prior to the 2005-2006 school year (or were not required to take any technical training during their apprenticeship).

Despite the shortfall in the number of expected survey completions, overall survey results provide a margin of error of no greater than +1.2% at the 95% confidence level or 19 times out of 20, and does not impact the quality of the results reported. Based on the outcome of all call attempts, an overall response rate of 58% was achieved for Cohort 1 and 48% for Cohort 2, with an overall response rate of 53%.

Public and Employer Surveys

Alberta Advanced Education and Technology collaborated with Alberta Education to commission telephone surveys of random samples of the Alberta public and key client groups. The purpose of these surveys is to obtain perceptions of how the education system is performing in meeting learners' and society's needs and expectations. Professional survey research firms are contracted to conduct the surveys, using trained interviewers and the Computer-Assisted Telephone Interviewing (CATI) system. Survey results are compiled by the survey research firms and provided to the two ministries. Surveys of the public are conducted annually. Graduate, employer, and learning system partners and stakeholder surveys are conducted every second year. The next employers' satisfaction survey will be conducted in 2007-08.

The following table provides sampling information about the public survey conducted for the two ministries in recent years that are reported in this 2006-07 Annual Report. The information includes the respondent groups surveyed, sample sizes and the confidence intervals for results from the survey. Results are considered accurate within the confidence interval 19 times out of 20 (i.e. at a confidence level of 95%). Sampling variation can account for observed differences in results from year to year.

Survey	Public (re the adult learning system)		Adult Learners		Adults not participating in learning		Employers	
	Sample	C.I.	Sample	C.I.	Sample	C.I.	Sample	C.I.
2002-03	3,109	±1.8%	1,103	±2.9%	2,006	±2.2%	—	—
2003-04	3,000	±1.8%	1,000	±3.1%	2,000	±2.2%	2,000	±2.2%
2004-05	3,000	±1.8%	1,035	±3.0%	1,965	±2.2%	—	—
2005-06	3,000	±1.8%	1,049	±3.0%	1,951	±2.2%	2,200	±2.0%
2006-07	3,000	±1.8%	986	±3.1%	2,014	±2.2%	—	—

C.I. - Confidence Interval

The survey instruments for these surveys use four-point response scales (*very satisfied / satisfied / dissatisfied / very dissatisfied* or *strongly agree / agree / disagree / strongly disagree*), depending on the question. Although not asked, *don't know* responses and refusals are recorded as well. Results presented are the combined percentages of respondents who were *very satisfied / satisfied*, or who *strongly agreed / agreed*.

The public survey results were published April 2007 in the report *Satisfaction with Education in Alberta, Public / Adult Learners /Adult Non-Learners, 2006-07*. The last employer results were published March 2006, in the report *2005-06 Employer Satisfaction Survey*.

Endnote B Use of Confidence Intervals for Interpreting Survey Results

When a result is obtained by surveying a random sample of the target population (e.g. the public, employers, graduates), there is a confidence interval associated with the result, which is expressed as a percentage above and below the obtained result. A confidence interval indicates how much variation one might expect from the obtained survey result, as a consequence of sampling and diversity among respondents. Differences in survey results over time or among respondent groups on the same survey question are reported at the ".05 level of confidence" (i.e. the same results would be obtained in repeated sampling 19 times out of 20).

In Alberta Advanced Education and Technology's Annual Report, confidence intervals are used to determine:

- whether differences in survey results over time are likely the result of sampling variations, or represent actual change, and
- whether differences among respondent groups to the same question are likely the result of sampling variations or represent actual differences.

When comparing results of survey questions over time or among respondent groups, there is an actual difference between two survey results, 19 times out of 20, if there is no overlap between the confidence intervals of the two observed values. When this is the case, it is acknowledged in the related text that there is an increase, change or significant difference in survey results over time or among groups. When the confidence intervals of the two observed values do overlap, the observed difference will be due to sampling variation 19 times out of 20, and we cannot conclude that the difference is real (i.e., "significant"). In such cases, the related text indicates that results are similar or stable over time or among groups.

The following hypothetical examples illustrate:

a) two survey results where the confidence intervals overlap and, consequently, it is concluded that there is no real difference between the two survey results.

b) two survey results where the confidence intervals do not overlap and, consequently, it is concluded that there is a real difference between the two survey results.

a) Where two survey results are 76% and 80%, both with a confidence interval of 2.5%, then the upper limit of the confidence interval for the "76%" result is 78.5%, and the lower limit of the confidence interval of the "80%" result is 77.5%. Since the confidence intervals "overlap", it cannot be concluded that there is a real difference between the two survey results, as the observed difference could be due to sampling variation.

b) If the two survey results are 74% (with a confidence interval of 2.5%) and 80% (also with a confidence interval of 2.5%), the upper limit of the confidence interval for the "74%" result is 76.5%, and the lower limit of the confidence interval of the "80%" result is 77.5%. Since the confidence intervals "do not overlap," it can be concluded that there is a real difference between the two survey results, as sampling variation alone does not account for the observed difference. In such cases, the related text indicates that there is a significant difference over time (i.e. an increase or decrease) or between groups.

Endnote C Statistics Canada's Labour Force Survey

The Labour Force Survey (LFS) is a monthly Canada-wide survey, conducted by Statistics Canada, of a representative sample of households in the ten provinces. Data are collected on all members of the household who are 15 years of age or older. Residents of the Yukon, Northwest Territories and Nunavut, persons living on Indian Reserves, inmates of institutions, and full-time members of the Canadian Armed Forces are excluded from the survey.

The Canadian sample size for the LFS averaged 53,372 households over the reporting period. Alberta's sample size corresponds to its share of the population. In 2006, between 5,119 and 5,254 Alberta households were surveyed each month (an average of 5,209 per month), with information provided on between 10,241 and 10,560 individuals per month.

A change in LFS methodology to measure post-secondary completion rates was introduced in the 2005 reporting year. Previously, only college and university participation rates were included in the measure. The measure reported in this annual report was expanded to include *other post-secondary education*. The *other* category, as defined by Statistics Canada, includes those who report attending institutions such as English as a second language or taking French language courses that do not qualify as high school, college or university education; computer and business skills programs other than those offered by colleges or universities; culinary, hairdressing or bartending schools; and police academies. Including the *other* category makes the measure more inclusive, in keeping with the direction of the Ministry to encourage all types of advanced learning. This change in methodology results in a change in the participation rate for 2003 from 33%, as reported in the 2004-05 Annual Report, revised to 34% in this report.

To capture information on Aboriginal Albertans, Alberta Advanced Education and Technology, along with other government departments, has contracted Statistics Canada to over-sample the Aboriginal population in the LFS, to improve the quality of data available on Aboriginal educational and labour market outcomes. Aboriginal identifier questions were added to the Alberta LFS and the sample was increased. Increased sampling was undertaken in urban centres such as Edmonton, Calgary, Lethbridge and Red Deer, with significant Aboriginal populations. Between 220 and 243 Alberta households containing Aboriginals were surveyed each month in 2006, with information provided on between 296 and 358 Aboriginal individuals aged 25-64 each month and a total of 3,886 over the year.

The coefficient of variation (the standard error as a percentage of the reported result), which measures the accuracy of the Labour Force Survey's estimates, varies and is proportional to the size of the age groups. In general, the larger the head count in each age group, the higher the accuracy. Below is a table showing the sizes of the age groups and the associated coefficients of variation.

Population	Age Group	Average Monthly Count of Persons *	Coefficient of Variation
All Albertans	18-24	1,337	±1.0%
	25-34	1,918	±1.0%
	18-64	8,517	±1.0%
Aboriginal Albertans	25-64	324	±5.0%

* approximate number

Additional information on the Labour Force Survey methodology and interpreting CVs is available on pages 18-25 of the Guide to Labour Force Survey, Catalogue no. 71-543-GIE (Revised February 2006), available online from Statistics Canada: **www.statcan.ca**.

Endnote D Learner Enrollment Recording System

The Learner Enrollment Recording System (LERS) is a database used by the department to track changes in learner demographics and characteristics in the advanced education system. Alberta publicly funded institutions submit their enrolment data in credit programs to the department where it is reviewed. Enrolment data are subject to a host of accountability constrains and are signed off by institutional and department officials as correct. Data for Alberta's publicly funded institutions is reported in LERS for the academic year (May to April for universities, July to June for colleges and technical institutes and May to April for private universities colleges). Finalized data is available in the fall for the previous school year.

Endnote E International Visa Students Registered at Alberta Post-Secondary Institutions

This is a new measure in the 2007-10 Business Plan. No targets were set. International student participation is a measure of the quality of the advanced learning system. Change in enrolment over time is an indicator of the department's success in achieving international recognition and increasing international visa student participation.

The total number of international students has been defined as the total unduplicated headcount of students who require a visa to study in Canada and are physically attending a publicly-funded post-secondary institution in Alberta at some point during the academic year. Learners taking online classes from their home country are not included in this measure. Data is provided by institutions and stored in the Learner Enrollment Reporting System (LERS).

See Endnote D (p. 152) for information on LERS.

Endnote F Increase in Full-Load Equivalent Spaces

The increase in full-load equivalent (FLE) student spaces is designed to measure the number of newly funded spaces over and above the base year. There has been considerable variability in the number of newly funded FLE spaces offered over time, depending on training demand, government budget allocations and difficulty in standardizing the methodology between apprenticeship and certificate, diploma and degree programs. This measure has been dropped in the 2007-10 Business Plan.

The increase in FLE spaces measures the increased number of certificate, diploma and degree spaces and the increased number of apprenticeship seats funded by government. The department uses FLE as the measure for enrolment in post-secondary programs. One FLE represents one student taking a full-load for a standard year of study. Since students can attend training for varying lengths of time depending on program choice, the full load equivalent measure of spaces allows for comparisons across program types. The increase in FLE spaces measures the number of funded FLE spaces over and above the number of spaces available in 2005-06.

For certificate, diploma, and degree programs, the increase is the number of spaces over and above the total enrollment in the base year (2003-04). The two-year lag in calculating the increase is used since the Enrolment Planning Envelope (EPE) seat levels in 2005-06 are negotiated in 2004-05 based on the number of spaces funded in 2003-04. There is a two-year lag for calculating the increase in spaces. For apprenticeship programs, the increase is the number of seats over and above the total number of seats funded in the base year (2004-05). Apprenticeship seat funding is negotiated based on the number of seats required for technical training in a given year. The base years show the increase in funded spaces over and above those provided for learners in 2005-06.

Endnote G New Apprentice Registrations

Apprenticeship registrations are a key factor in addressing critical skill shortages. Participation in apprenticeship training is increasing as a result of the very busy economy. The ability to attract learners into the apprenticeship system is influenced by economic circumstances and employer willingness to employ and sign on more apprentices. Therefore, the department's ability to impact this measure is limited.

The number of new apprentice registrations by calendar year is available historically. This measure is based on a five-year average calculation of the number of new registrations. An average is taken in order to smooth out any sharp rises or drops in the level that could occur in a particular year. The 2006 figure is based on averaging registrations from 2002-2006.

New apprentices include all apprentices that register during the calendar year. It includes those returning to do an additional apprenticeship after completing one or more apprenticeships in previous years and those continuing an apprenticeship in another trade for which they registered in a previous year. Apprentices who registered in more than one trade or branch of a trade within the year are counted only once. The number does not include re-instated apprentices (unless re-instated in the same year).

The source for these data is Advanced Education and Technology's Skilled Trades Information System.

Endnote H Participation of Aboriginal Albertans in Apprenticeship

Apprenticeship registrations are a key factor in addressing critical skill shortages. Participation in apprenticeship training is increasing as a result of the very busy economy and initiatives aimed at increasing the number of Aboriginal Albertans in the trades.

This measure is based on the number of registrations of Aboriginal Albertans at year end (December 31). Aboriginal status is self-disclosed, so the count of registrations may be lower than the actual number of Aboriginal persons participating in apprenticeship. Aboriginal apprentices who registered in more than one trade or branch of a trade within the year are counted only once.

This measure includes Aboriginal apprentices registered in Alberta's apprenticeship and industry training system, but who reside in other Canadian jurisdictions. Alberta provides technical training for apprentices from other provinces and territories where the trade is designated, but the jurisdictions are unable to provide the training due to small apprentice registration numbers. Alberta does not issue these individuals a certificate. In 2005, there were no such Aboriginal apprentices participating in Alberta's apprenticeship and industry training system. In 2006, there were three.

The source of this data is Advanced Education and Technology's Skilled Trades Information System (STIS). STIS is a dynamic database system, which is updated constantly by field staff all over the province. Therefore, the data generated is only as up-to-date as the last update provided from staff. The data is not frozen and results can vary if pulled at different points in time. As a result, this data will not be able to be replicated from STIS at a later date.

Endnote I Participation of Aboriginal Albertans at Post-Secondary Institutions

This is a new measure in the 2007-10 Business Plan. No targets were set. Targets will be set in the 2008-11 Business Plan once three years of data is acquired. Aboriginal participation at post-secondary institutions is a measure of the system's ability to attract diverse learners. Monitoring this information and observing the changes in enrolment over time is an indicator of the Ministry's success in increasing Aboriginal learner participation in post-secondary education.

Aboriginal participation in post-secondary education is measured by the total unduplicated headcount of Aboriginal learners from Alberta who have registered at publicly funded post-secondary institutions. Data is collected from the institutions and entered into the Learner Enrollment Reporting System (LERS). Learners who self-identified as *Status Indian/First Nations*, *Non-Status Indian/First Nations*, *Métis*, or *Inuit* and who reported they were residents of Alberta were included in the count. Aboriginal status is self-disclosed, therefore the count of registrations may be lower than the actual number of Aboriginal learners participating in the system.

The 2007-10 Business Plan reports that 6,386 Aboriginal learners participated at Alberta publicly-funded post-secondary institutions in 2004-05. However, this is the total number of self-identified Aboriginal learners from all geographic sources, including other parts of Canada and possibly the United States. The 5,455 learners that are reported here for 2004-05 include only the Aboriginal learners from Alberta participating in post-secondary institutions.

See Endnote D (p. 152) for information on LERS.

Endnote J Graduates who Received the Transfer Credit they Expected

This is a new measure being reported for the first time in Advanced Education and Technology's 2006-07 Annual Report. No targets were set as this is a new measure. Targets have been set in the 2007-10 Business Plan.

The percentage of post-secondary graduates with prior learning who reported they had received the transfer credit they expected is an indicator of the ability of the system to help students achieve desired outcomes. Additionally, the measure offers insight into collaborative transfer arrangements between Alberta's post-secondary institutions.

In the Alberta Post-Secondary Graduate Outcomes Survey, Class of 2003-04, graduates with prior learning were asked if they received the transfer credit they expected. Results reported include only those who responded *yes* (other response options included *no*, *don't know* and *no response*). Graduates are surveyed two years after graduation.

See Endnote A (p. 150) for information on the Post-Secondary Graduate Outcomes Survey.

Endnote K Graduates' Satisfaction that their Program was Worth the Financial Cost

This is a new measure, so no targets were set. Targets have been set in the 2007-10 Business Plan. The percentage of post-secondary graduates who agree that the program they graduated from was worth the financial cost is an indicator of the ability of the system to help students achieve desired outcomes.

Data comes from the Alberta Post-Secondary Graduate Outcomes Survey, Class of 2003-04. Graduates surveyed two years after graduation were asked if they considered the program they graduated from to be worth the financial cost to themselves and/or their family. Responses for those who *agree* or *strongly agree* were combined to obtain the percentage of graduates who agree that the program they graduated from was worth the financial cost.

See Endnote A (p. 150) for information on the Post-Secondary Graduate Outcomes Survey.

Endnote L Public Agreement that Post-Secondary Education is Accessible

This is a new measure being reported for the first time. No targets were set. Targets have been set in the 2007-10 Business Plan. Public satisfaction that courses, programs and classes are offered in locations that are accessible is an indicator of accessibility of post-secondary education.

Through the annual public survey, Albertans are asked how satisfied they are that "programs, classes or courses you want are offered in locations (including on-line) that are easily accessible for you." The satisfaction levels are the combined percentages of *satisfied* and *very satisfied* responses.

See Endnote A (p. 150) for information on Education and Advanced Education and Technology's Public Survey.

Endnote M Ratio of Debt at Graduation to Income Two Years After

This is a new measure being reported for the first time in the 2006-07 Annual Report. No targets were set as this is a new measure. Targets have been set in the 2007-10 Business Plan.

The ratio of graduates' income two years after graduation to debt at graduation is a measure of the ability of learners to afford and attend post-secondary education considering their employability after graduation. A lower ratio of debt to income is indicative of lower debt levels of students and/or higher incomes after graduation.

The Graduate Outcomes Survey targets graduates two years after graduation. This measure is based on graduates who had debt at the time of their graduation and were employed two years after graduation. The ratio of debt to income is calculated by dividing median debt by median income. Graduates who did not accumulate any debt by graduation or were not employed two years after graduation were not included in the calculations as they would have skewed the results.

See Endnote A (p. 150) for information on the Post-Secondary Graduate Outcomes Survey.

Endnote N Scholarship Dollars per Full-Time Equivalent Learner

This is a new measure being reported for the first time. No targets were set. Targets have been set in the 2007-10 Business Plan. Scholarship dollars per full-time student provides a snapshot of the Ministry's ability to fulfill one of its strategic priorities of ensuring quality and innovation in the advanced learning system.

The scholarship dollars per full-time student is determined by the total scholarship expenditures divided by the total number of full-time students in Alberta's post-secondary institutions. Scholarship expenditure data comes from Alberta Advanced Education and Technology's Learner Assistance Sector. Department expenditures on Achievement Scholarships, as well as the French Fellowship. Enrolment data comes from the Learner Enrollment Reporting System (LERS).

See Endnote A (p. 150) for information on the Post-Secondary Graduate Outcomes Survey.

See Endnote D (p. 152) for information on LERS.

Endnote O Government of Alberta Expense used to Support Innovation

Innovation comprises science and technology (S&T) and other sources of new ideas that lead to new and improved products and services. S&T comprises of Research and Development and Related Science Activities, which are reported annually by all Government of Alberta (GOA) ministries in a Statistics Canada report. Data are available for the 2005-06 year.

Additional programs and investments supporting innovation in the province are:

- The Innovation Program, administered by Advanced Education and Technology on behalf of the GOA.
- The Industry and Regional Development, Trade and Investment, investments carried out by Alberta Economic Development.
- The Innovative Energy Technology Program, administered by Alberta Energy which supports the adoption and use of innovative energy technologies. It provides royalty adjustments to a number of specific pilot and demonstration projects that use innovative technologies to increase recoveries from existing reserves and encourage responsible, development of oil, natural gas and in-situ oil sands reserves.
- The Alberta Heritage Foundation for Medical Research that received a $200 million top up to its endowment in 2005-06 and Alberta Ingenuity, which received a $100 million top up to its endowment in the same year.

GOA investments to support innovation totaled 726.8 million in 2005-06. The actual total expense of the GOA in 2005-06 was $27,191 million. These numbers were used to calculate the percentage of GOA expense used to support innovation.

Endnote P Albertans Employed in Knowledge-Intensive Companies

The number and percentage of employees in knowledge-based (high-tech) companies is a measure of Alberta's research and innovation capability. Alberta knowledge-intensive (high-tech) company employment information comes from Statistics Canada. Results are based on the Labour Force Survey.

Knowledge-intensive (high-tech) companies are defined by North American Industry Classification System (NAICS). The following NAICS codes comprise the High-Technology Sector:

- 3254 - Pharmaceutical and Medicine Manufacturing
- 334 - Computer and Electronic Manufacturing
- 3353 - Electrical Equipment Manufacturing
- 3359 - Other Electrical Equipment and Component Manufacturing
- 3364 - Aerospace Product and Parts Manufacturing
- 5112 - Software Publishers
- 5152 - Pay and Specialty Television
- 516 - Internet Publishing and Broadcasting
- 517 - Telecommunications
- 5182 - Data Processing, Hosting, and Related Services
- 5191 - Other Information Services
- 5413 - Architectural, Engineering and Related Services
- 5415 - Computer Systems Design and Related Services
- 5416 - Management, Scientific and Technical Consulting Services
- 5417 - Scientific Research and Development Services
- 6215 - Medical and Diagnostic Laboratories
- 8112 - Electronic and Precision Equipment Repair & Maintenance

Endnote Q Canadian Venture Capital Invested in Priority Areas

Data on Canadian venture capital comes from the VCAnalyst system provided by Thomson Financial, the premiere source of venture capital information in Canada, at **www.canadavc.com**. The amount of VC funds invested in Canada and the provinces is collected within the following parameters:

- Data are collected for Quarters 1, 2, 3 and 4 of Year One.
- Data are collected for both new fundings and follow-on fundings.
- Data are collected for the life sciences, information and communications, and other technology (energy and environmental).
- Data are not collected for traditional industries (i.e. retail and manufacturing).
- Data are collected for early stage deals (seed and start-up) and expansion stage deals.
- Data are not collected for later stage deals (mezzanine, turnaround, etc.).
- Data are collected for all size deals (i.e. $500,000 through $5 million).

The data is stored in a dynamic database, which can have data added to earlier periods at a later date. Thus, data can be more accurate at later dates when additional information becomes available. 2006 data was retrieved from the system on May 11, 2007.

Endnote R Business Expenditure on Research and Development

Business expenditure on research and development data comes from Statistics Canada's report: *R&D expenditures in the provinces by business enterprise, in terms of performing and funding, 1990 to 2004*, Vol. 30, No. 7. Catalogue 88-001-XIE / ISSN 1209-1278.

www.statcan.ca/english/freepub/88-001-XIE/88-001-XIE2006007.pdf

Statistics Canada obtains R&D data from research performers. The funding data reported here is the amount of research and development funding provided by businesses. Provincial level data, including Alberta's data, lags by two years due to the information gathering and analysis process. The data is collected annually by Statistics Canada.

As funding is a dynamic process, Statistics Canada updates its data as information becomes available. Data from 2001, 2002 and 2003 were revised in the 2006 Statistics Canada report and therefore are being restated in the 2006-07 Annual Report.

Endnote S Sponsored Research Revenue Attracted by Alberta Universities

Total sponsored research revenue attracted by Alberta universities is an indicator of the value of sponsored research at Alberta universities. The funding sources include the provincial government, industry, non-profit organizations, and the federal government.

Sponsored research revenues are those received outside of the university base operating grant and include both research grants and research contracts. This performance measure reflects research capability in Alberta through the success of its major universities in attracting sponsored research funding from several sources.

The data is provided to Advanced Education and Technology by the University of Alberta, University of Calgary, University of Lethbridge and Athabasca University. The universities submit the data using a template and guidelines, which outline the information required and specific instructions about how the revenue should be reported. This ensures the data submitted are comparable across universities. The universities derive the data from audited financial statements and supplementary schedules. The reported data is compiled and analyzed by Advanced Education and Technology in the *Research Funding at Alberta Universities Report* published by the University Research and Strategic Investments Branch, Advanced Education and Technology.

www.innovation.gov.ab.ca/inv/sec/ursi/res_rep/doc/2005-06_Sponsored_Research_Report.pdf

The 2005-06 finalized number was available in December 2006.

Endnote T Sponsored Research Revenue Attracted by Alberta Technical Institutes and Colleges

Total sponsored research revenue attracted by Alberta technical institutes and colleges measures the growth of the research capacity and capability of technical institutes and colleges in the province.

The data is reported based on standardized sponsored research reporting templates submitted by each institution to the Ministry of Advanced Education and Technology. Questions from the institutions about the guidelines, reporting of data and the final data collection are directed to a representative of Advanced Education and Technology. The data are compiled by the department representative and verified by a manager before it is reported in the business plan.

Endnote U Graduate Students Studying in Alberta

This is a new measure and therefore no targets were set. Targets have been set in the 2007-10 Business Plan. Alberta Advanced Education and Technology recognizes the importance of participating in graduate level post-secondary programs. Having people with the right skills and knowledge is what will drive Alberta's economy and position Alberta for success.

This measure presents a headcount of graduate students studying in Alberta. The measure does not differentiate between part-time and full-time students or between Masters, PhD and Post Doctorate students. A student participating in a graduate level course counts as one student. Data comes from the Learner Enrollment Reporting System (LERS).

See Endnote D (p. 152) for information on LERS.

Endnote V Investments in Priority Research Areas

The Ministry tracks investments in energy, ICT and life sciences research. Government of Alberta and non-Government of Alberta investments are tracked in the Grantium database.

Grantium is a complete Enterprise Grants Management software solution used by Advanced Education and Technology to consolidate/automate the life-cycle process for grant programs. It provides web access to information about grant programs and common web links that explain the grant program to prospective applicants. Grantium manages all stages of pre- and post-award grant processing. Project information is submitted to the department by the applicant, where it is reviewed and verified by program staff. The workflow in Grantium is configured to ensure data integrity. The data is reviewed by representatives in the Research Division and with Research Institutes and business areas as required. Business areas review reports and input updates to the Grantium database as the reports are received, to support the accuracy of the data.

Data for the ratio of private and other public investments in energy research comes from the Grantium database.

Data for the ratio of private and other public investments in life sciences research comes from Grantium and SIR databases. The Ministry of Advanced Education and Technology obtains data from active research agreements and enters it into the SIR database. Information is added after research agreements are signed and updated or when the agreements are amended or more recent information becomes available.

Data for the ratio of private and other public investments for ICT comes from Grantium and iCORE. Researchers funded through iCORE are required to submit an annual report by May 15. The annual report contains details on all funding obtained, including funding sources. iCORE consolidates the information from researchers to derive this measure. The information is also cross-validated with other sources (CFI, CRC, ASRIP and AIF data).

Data for all three ratio measures comply with the Leverage Measure Guidelines, last revised in 2007. All administrative streams are excluded.

Endnote W iCORE Awards

The measure is a summary of the data from contracts iCORE has with the universities to fund Major Awards and Graduate Student Awards. An electronic database of contract information is maintained which generates reports on counts of contracts and individuals.

Major Awards include: research chairs, research professors and industry research chairs. In the case of a co-award, where two people share a major award, this is counted as two awards as there are two people who receive the title and funding. There was one co-award in 2006-07. In instances where one person received two awards (a research chair and an industry chair), each award is counted separately. In 2006-07 there were two people who each received two awards for a total of four awards.

iCORE has board-approved criteria and processes for making graduate student awards. For each graduate student, the criteria are checked and the award is made.

iCORE submits its compilation of data to the Ministry. A management committee then reviews the data before the respective report is finalized.

Statement of Remissions, Compromises and Write-offs

for the year ended March 31, 2007

The following statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. This statement includes all remissions, compromises and write-offs made or approved during the fiscal period.

(in thousands)	
Remissions under Section 21 of the *Financial Administration Act*	
Total remissions	$ 34,187
Compromises under Section 22 of the *Financial Administration Act*	
Total compromises	64
Write-offs	
Total write-offs - Implemented Guarantees, Indemnities, Loans and Advances - Section 20 of the *Student Financial Assistance Act*	632
Total remissions, compromises and write-offs	$ 34,882

Statement of Guarantees and Indemnities given by the Crown and Provincial Corporations

for the year ended March 31, 2007

The following has been prepared pursuant to Section 75 of the *Financial Administration Act*. The statement summarizes the amounts of all guarantees given by the Crown through the Ministry of Advanced Education under the *Student Financial Assistance Act* for the year ended March 31, 2007, the amounts paid as a result of liability under guarantees, and the amounts recovered on debts owing as a result of payments under guarantees.

(in thousands)	Amount of Guarantee	Payments	Recoveries
Crown Guarantees	$ —	$ 1,684	$ 1,643

Alphabetical List of Government Entities' Financial Statements in Ministry 2006-07 Annual Reports

Entities included in the Consolidated Government Reporting Entity

Entities not included in the Consolidated Government Reporting Entity

Schools, Universities, Colleges and Hospitals included in the Consolidated Government Reporting Entity

Government Entities' Financial Statements in Ministry 2006-07 Annual Reports

Entities included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Access to the Future Fund[1]	Advanced Education and Technology
Agriculture Financial Services Corporation	Agriculture and Food
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Cancer Prevention Legacy Fund[2]	Finance
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Tourism, Parks, Recreation and Culture
Alberta Gaming and Liquor Commission	Solicitor General and Public Security
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Tourism, Parks, Recreation and Culture
Alberta Insurance Council	Finance
Alberta Local Authorities Pension Plan Corporation[3]	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Advanced Education and Technology
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Municipal Affairs and Housing
Alberta Sport, Recreation, Parks and Wildlife Foundation	Tourism, Parks, Recreation and Culture
Alberta Treasury Branches	Finance
ATB Insurance Advisors Inc.[4]	Finance
ATB Investment Management Inc.	Finance
ATB Investment Services Inc.	Finance
ATB Services Inc.	Finance
Child and Family Services Authorities	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
C-FER Technologies (1999) Inc.	Advanced Education and Technology
Credit Union Deposit Guarantee Corporation	Finance
Department of Advanced Education and Technology	Advanced Education and Technology
Department of Agriculture and Food	Agriculture and Food
Department of Children's Services	Children's Services
Department of Education	Education

1. Established July 10, 2005.
2. Proclaimed May 31, 2006.
3. Incorporated December 16, 2005.
4. Incorporated July 12, 2006.

Entities included in the Consolidated Government Reporting Entity (continued)

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Department of Energy	Energy
Department of Finance	Finance
Department of Health and Wellness	Health and Wellness
Department of Municipal Affairs and Housing	Municipal Affairs and Housing
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Department of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Tourism, Parks, Recreation and Culture
Historic Resources Fund	Tourism, Parks, Recreation and Culture
Human Rights, Citizenship and Multiculturalism Education Fund	Tourism, Parks, Recreation and Culture
iCORE Inc.	Advanced Education and Technology
Lottery Fund	Solicitor General and Public Security
Ministry of Advanced Education and Technology	Advanced Education and Technology
Ministry of Agriculture and Food	Agriculture and Food
Ministry of Children's Services	Children's Services
Ministry of Education	Education
Ministry of Employment, Immigration and Industry[5]	Employment, Immigration and Industry
Ministry of Energy	Energy
Ministry of Environment[5]	Environment
Ministry of Executive Council[5]	Executive Council
Ministry of Finance	Finance
Ministry of Health and Wellness	Health and Wellness
Ministry of Infrastructure and Transportation[5]	Infrastructure and Transportation
Ministry of International, Intergovernmental and Aboriginal Relations[5]	International, Intergovernmental and Aboriginal Relations
Ministry of Justice[5]	Justice
Ministry of Municipal Affairs and Housing	Municipal Affairs and Housing
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Service Alberta[5]	Service Alberta
Ministry of Solicitor General and Public Security	Solicitor General and Public Security
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Ministry of the Treasury Board[5]	Treasury Board
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards[6]	Seniors and Community Supports
Calgary Region Community Board / Northeast Region Community Board	
Central Region Community Board / Northwest Region Community Board	
Edmonton Region Community Board / South Region Community Board	
Persons with Developmental Disabilities Provincial Board	Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Safety Codes Council	Municipal Affairs and Housing
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General and Public Security
Wild Rose Foundation	Tourism, Parks, Recreation and Culture

5. Ministry includes only the department so separate departmental financial statements are not necessary.
6. Ceased operations June 30, 2006.

Entities not included in the Consolidated Government Reporting Entity

Fund or Agency	*Ministry Annual Report*
Alberta Foundation for Health Research	Advanced Education and Technology
Alberta Heritage Foundation for Medical Research	Advanced Education and Technology
Alberta Heritage Foundation for Science and Engineering Research	Advanced Education and Technology
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs and Housing
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Employment, Immigration and Industry
Long-Term Disability Income Continuance Plan - Management, Opted Out and Excluded	Employment, Immigration and Industry
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Special Areas Trust Account	Municipal Affairs and Housing
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Employment, Immigration and Industry

Schools, Universities, Colleges and Hospitals included in the Consolidated Government Reporting Entity on a Modified Equity Basis[7]

School Boards and Schools

School Board or School	*Ministry Annual Report*
Almadina School Society	Education
Aspen View Regional Division No. 19	Education
Aurora School Ltd.	Education
Battle River Regional Division No. 31	Education
Black Gold Regional Division No. 18	Education
Boyle Street Education Centre	Education
Buffalo Trail Public Schools Regional Division No. 28	Education
Calgary Arts Academy Society	Education
Calgary Girls' School Society	Education
Calgary Roman Catholic Separate School District No. 1	Education
Calgary School District No. 19	Education
Calgary Science School Society	Education
Canadian Rockies Regional Division No. 12	Education
CAPE-Centre for Academic and Personal Excellence Institute	Education
Chinook's Edge School Division No. 73	Education
Christ the Redeemer Catholic Separate Regional Division No. 3	Education
Clearview School Division No. 71	Education
East Central Alberta Catholic Separate Schools Regional Division No. 16	Education
East Central Francophone Education Region No. 3	Education
Edmonton Catholic Separate School District No. 7	Education
Edmonton School District No. 7	Education
Elk Island Catholic Separate Regional Division No. 41	Education
Elk Island Public Schools Regional Division No. 14	Education
Evergreen Catholic Separate Regional Division No. 2	Education
FFCA Charter School Society	Education
Foothills School Division No. 38	Education
Fort McMurray Roman Catholic Separate School District No. 32	Education
Fort McMurray School District No. 2833	Education
Fort Vermilion School Division No. 52	Education
Golden Hills School Division No. 75	Education
Grande Prairie Roman Catholic Separate School District No. 28	Education
Grande Prairie Public School District No. 2357	Education
Grande Yellowhead Regional Division No. 35	Education
Grasslands Regional Division No. 6	Education
Greater North Central Francophone Education Region No. 2	Education
Greater Southern Public Francophone Education Region No. 4	Education
Greater Southern Separate Catholic Francophone Education Region No. 4	Education
Greater St. Albert Catholic Regional Division No. 29	Education
High Prairie School Division No. 48	Education
Holy Family Catholic Regional Division No. 37	Education
Holy Spirit Roman Catholic Separate Regional Division No. 4	Education
Horizon School Division No. 67	Education
Lakeland Roman Catholic Separate School District No. 150	Education
Lethbridge School District No. 51	Education
Living Waters Catholic Regional Division No. 42	Education

7. The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants has issued standards that require controlled entities to be fully consolidated line-by-line. In a transitional period to March 31, 2008, the Ministry is permitted to use the modified equity method of accounting. Under the modified equity method, the controlled entities' net assets and operating results are included in one line on the Ministry's consolidated statements of financial position and operations, respectively.

The subsidiaries of the schools, universities , colleges and hospitals , if any, are not currently included in this listing.

Schools, Universities, Colleges and Hospitals included in the Consolidated Government Reporting Entity on a Modified Equity Basis (continued)

School Boards and Schools (continued)

School Board or School	*Ministry Annual Report*
Livingstone Range School Division No. 68	Education
Medicine Hat Catholic Separate Regional Division No. 20	Education
Medicine Hat School District No. 76	Education
Moberly Hall School Society	Education
Mother Earth's Children's Charter School Society	Education
New Horizons Charter School Society	Education
Northern Gateway Regional Division No. 10	Education
Northern Lights School Division No. 69	Education
Northland School Division No. 61	Education
Northwest Francophone Education Region No. 1	Education
Palliser Regional Division No. 26	Education
Parkland School Division No. 70	Education
Peace River School Division No. 10	Education
Peace Wapiti School Division No. 76	Education
Pembina Hills Regional Division No. 7	Education
Prairie Land Regional Division No. 25	Education
Prairie Rose Regional Division No. 8	Education
Red Deer Catholic Regional Division No. 39	Education
Red Deer School District No. 104	Education
Rocky View School Division No. 41	Education
St. Albert Protestant Separate School District No. 6	Education
St. Paul Education Regional Division No. 1	Education
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	Education
Sturgeon School Division No. 24	Education
Suzuki Charter School Society	Education
Westmount Charter School Society	Education
Westwind School Division No. 74	Education
Wetaskiwin Regional Division No. 11	Education
Wild Rose School Division No. 66	Education
Wolf Creek School Division No. 72	Education

Schools, Universities, Colleges and Hospitals included in the Consolidated Government Reporting Entity on a Modified Equity Basis (continued)

Universities

University	*Ministry Annual Report*
Athabasca University	Advanced Education and Technology
University of Alberta	Advanced Education and Technology
University of Calgary	Advanced Education and Technology
University of Lethbridge	Advanced Education and Technology

Colleges

College	*Ministry Annual Report*
Alberta College of Art & Design	Advanced Education and Technology
Bow Valley College	Advanced Education and Technology
Grande Prairie Regional College	Advanced Education and Technology
Grant MacEwan College	Advanced Education and Technology
Keyano College	Advanced Education and Technology
Lakeland College	Advanced Education and Technology
Lethbridge College	Advanced Education and Technology
Medicine Hat College	Advanced Education and Technology
Mount Royal College	Advanced Education and Technology
NorQuest College	Advanced Education and Technology
Northern Lakes College	Advanced Education and Technology
Olds College	Advanced Education and Technology
Portage College	Advanced Education and Technology
Red Deer College	Advanced Education and Technology

Technical Institutes and The Banff Centre

Technical Institute or The Banff Centre	*Ministry Annual Report*
Northern Alberta Institute of Technology	Advanced Education and Technology
Southern Alberta Institute of Technology	Advanced Education and Technology
The Banff Centre for Continuing Education	Advanced Education and Technology

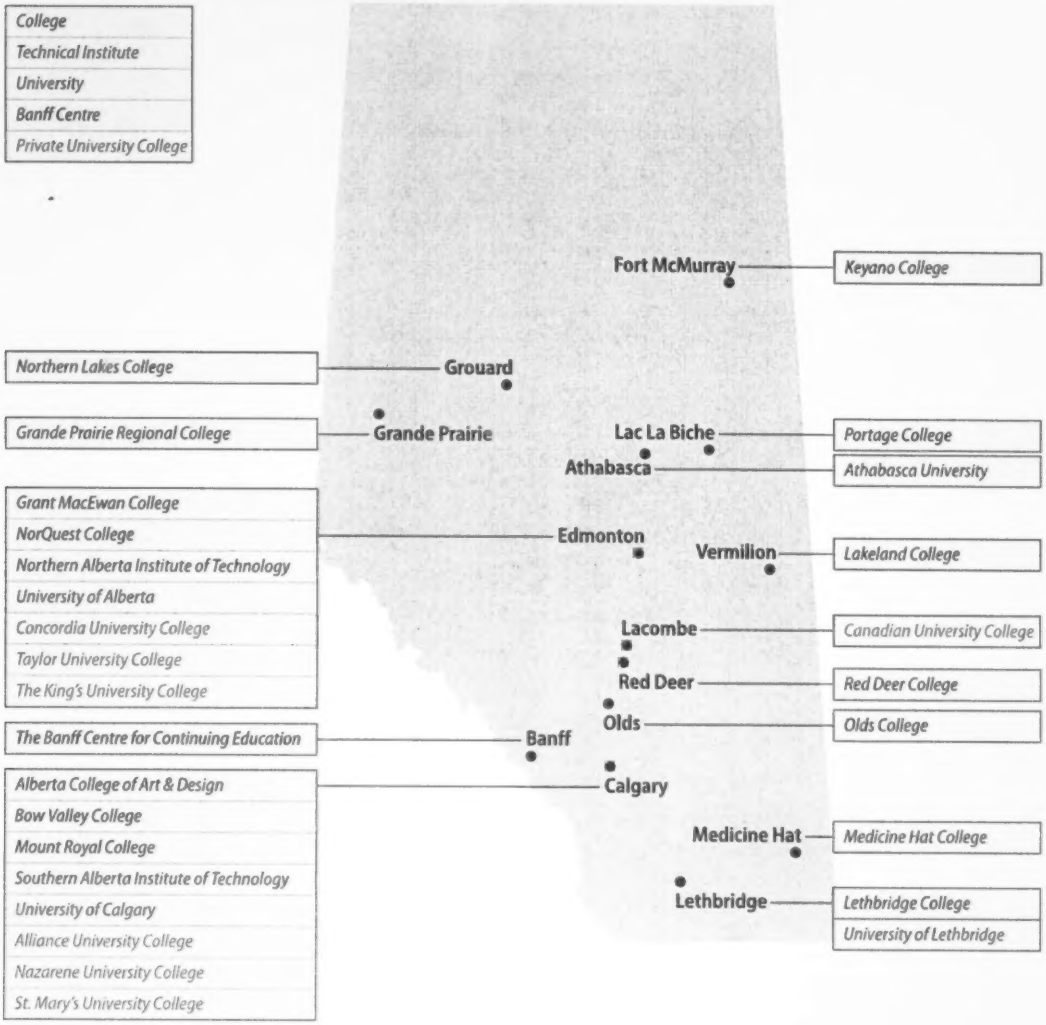
Regional Health Authorities and Provincial Health Boards

Regional Health Authority or Provincial Health Board	*Ministry Annual Report*
Alberta Cancer Board	Health and Wellness
Alberta Mental Health Board	Health and Wellness
Aspen Regional Health Authority	Health and Wellness
Calgary Health Region	Health and Wellness
Capital Health	Health and Wellness
Chinook Regional Health Authority	Health and Wellness
David Thompson Regional Health Authority	Health and Wellness
East Central Health	Health and Wellness
Health Quality Council of Alberta[8]	Health and Wellness
Northern Lights Health Region	Health and Wellness
Peace Country Health	Health and Wellness
Palliser Health Region	Health and Wellness

8. Established July 1, 2006.

Publicly Funded Post-Secondary Institutions

Main Campuses



Contact Information

Organization	Phone	Toll Free	Website
Advanced Education and Technology			
Minister's Office	(780) 427-2025	310-0000	www.advancededandtech.gov.ab.ca
Deputy Minister's Office	(780) 415-4744		
Adult Learning	(780) 427-5607		
Apprenticeship and Industry Training	(780) 422-1185		
Research	(780) 422-1120		
Technology Commercialization	(780) 415-8369		
Policy and Planning	(780) 427-2649		
Communications	(780) 422-5400		
Finance and Administration	(780) 427-2648		
Human Resources	(780) 427-2210		
Entities			
Access to the Future Fund	(780) 644-5210	310-0000	—
Alberta Research Council	(780) 450-5111	—	www.arc.ab.ca
iCORE	(403) 210-5335	—	www.icore.ca
Other Entities			
Alberta Heritage Foundation for Medical Research	(780) 423-5727	1-877-423-5727	www.ahfmr.ab.ca
Alberta Ingenuity	(780) 423-5735	—	www.albertaingenuity.ca
Advisory Boards, Councils and Authorities			
Alberta Apprenticeship and Industry Training Board	(780) 427-8765	310-0000	www.tradesecrets.gov.ab.ca
Alberta Council on Admissions and Transfer	(780) 422-9021	310-0000	www.acat.gov.ab.ca
Campus Alberta Quality Council	(780) 427-8921	310-0000	www.caqc.gov.ab.ca
Students Finance Board	(780) 415-4597	310-0000	www.alis.gov.ab.ca/studentsfinance
Alberta Science and Research Authority	(780) 427-1488	310-0000	www.asra.gov.ab.ca
Public Post-Secondary Institutions			
Colleges			
Alberta College of Art and Design	(403) 284-7600	1-800-251-8290	www.acad.ab.ca
Bow Valley College	(403) 410-1400	1-866-428-2663	www.bowvalleycollege.ca
Grande Prairie Regional College	(780) 539-2944	1-888-539-4772	www.gprc.ab.ca
Grant MacEwan College	(780) 497-5040	1-888-497-4622	www.macewan.ca
Keyano College	(780) 791-4800	1-800-251-1408	www.keyano.ca
Lakeland College	(780) 853-8672	1-800-661-6490	www.lakelandc.ab.ca
Lethbridge College	(403) 320-3200	1-800-572-0103	www.lethbridgecollege.ab.ca
Medicine Hat College	(403) 529-3811	1-866-282-8394	www.mhc.ab.ca
Mount Royal College	(403) 440-6111	1-877-676-0686	www.mtroyal.ab.ca
NorQuest College	(780) 644-6000	1-866-534-7218	www.norquest.ab.ca
Northern Lakes College	(780) 751-3200	1-866-652-3456	www.northernlakescollege.ca
Olds College	(430) 556-8281	1-800-661-6537	www.oldscollege.ab.ca
Portage College	(780) 623-5551	1-866-623-5551	www.portagecollege.ca
Red Deer College	(403) 342-3300	1-888-732-4630	www.rdc.ab.ca
Technical Institutes			
Northern Alberta Institute of Technology	(780) 471-7400	1-800-661-4077	www.nait.ca
Southern Alberta Institute of Technology	(403) 284-7248	1-877-284-7248	www.sait.ca
Universities			
University of Alberta	(780) 492-3111	—	www.ualberta.ca
University of Calgary	(403) 220-5110	—	www.ucalgary.ca
University of Lethbridge	(403) 320-5700	—	www.uleth.ca
Athabasca University	(780) 675-6100	1-800-788-9041	www.athabascau.ca
Banff Centre			
The Banff Centre for Continuing Education	(403) 762-6100	1-800-565-9989	www.banffcentre.ca

Contact Information

Organization	Phone	Toll Free	Website
Advanced Education and Technology			
Minister's Office	780-427-2025	310-0000	www.advancededandtech.alberta.ca
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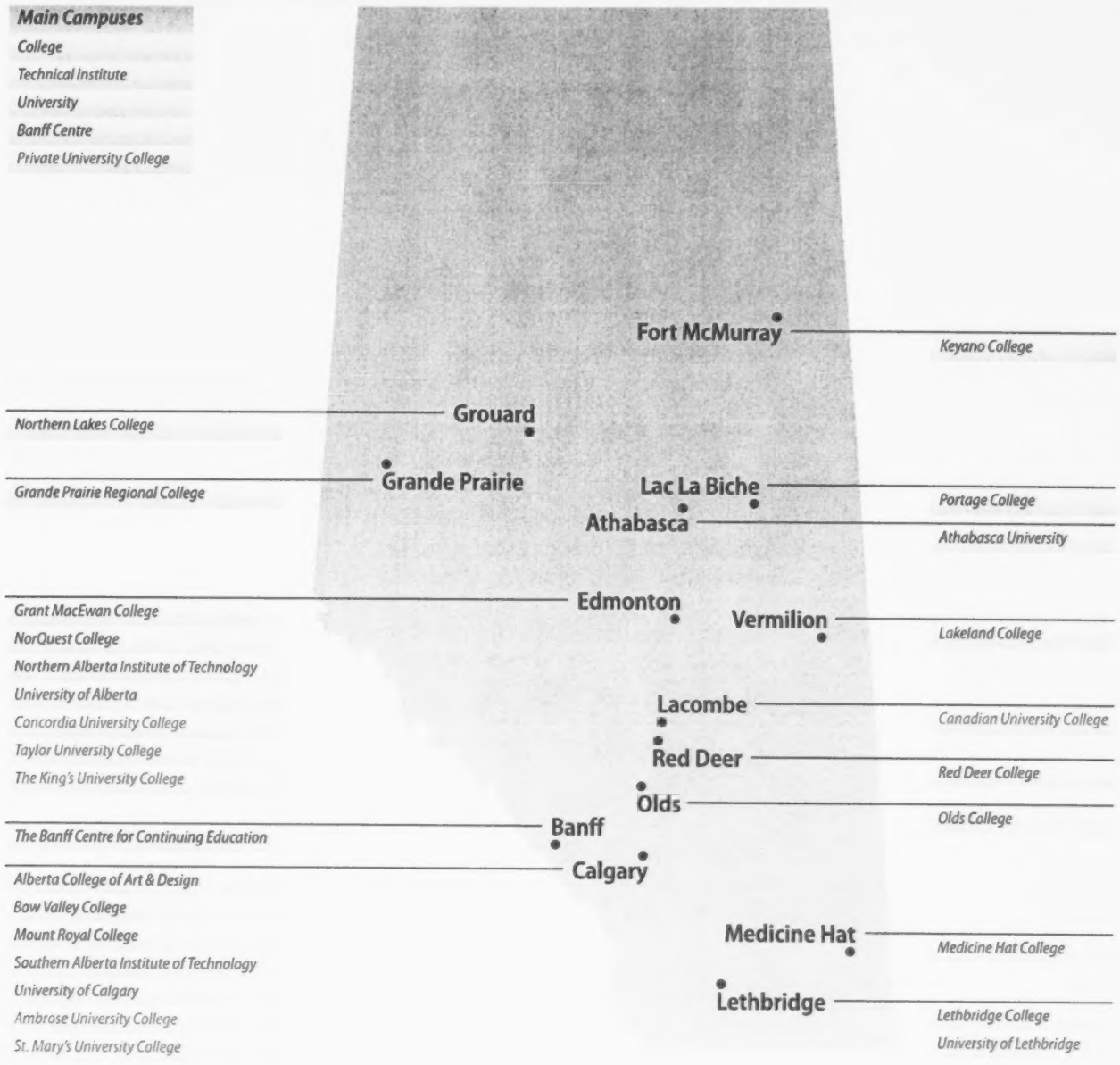
Adult Learning	780-427-5607		
Apprenticeship and Industry Training	780-422-1185		
Research	780-422-1120		
Technology Commercialization	780-415-8369		
Policy and Planning	780-427-2649		
Communications	780-422-5400		
Finance and Administration	780-427-2648		
Human Resources	780-427-2210		
Entities			
Access to the Future Fund	780-644-3183	310-0000	www.advancededandtech.alberta.ca/college/aff/
Alberta Research Council	780-450-5111	—	www.arc.ab.ca
iCORE	403-210-5335	—	www.icore.ca
Other Entities			
Alberta Heritage Foundation for Medical Research	780-423-5727	1-877-423-5727	www.ahfmr.ab.ca
Alberta Heritage Foundation for Science and Engineering Research	780-423-5735	—	www.albertaingenuity.ca
Advisory Boards, Councils and Authorities			
Alberta Apprenticeship and Industry Training Board	780-427-8765	310-0000	www.tradesecrets.gov.ab.ca
Alberta Council on Admissions and Transfer	780-422-9021	310-0000	www.acat.gov.ab.ca
Campus Alberta Quality Council	780-427-8921	310-0000	www.caqc.gov.ab.ca
Students Finance Board	780-415-4597	310-0000	www.alis.gov.ab.ca/studentsfinance
Alberta Science and Research Authority	780-427-1488	310-0000	www.asra.gov.ab.ca
Public Post-Secondary Institutions			
Colleges			
Alberta College of Art and Design	403-284-7600	1-800-251-8290	www.acad.ab.ca
Bow Valley College	403-410-1400	1-866-428-2663	www.bowvalleycollege.ca
Grande Prairie Regional College	780-539-2944	1-888-539-4772	www.gprc.ab.ca
Grant MacEwan College	780-497-5040	1-888-497-4622	www.macewan.ca
Keyano College	780-791-4800	1-800-251-1408	www.keyano.ca
Lakeland College	780-853-8672	1-800-661-6490	www.lakelandc.ab.ca
Lethbridge College	403-320-3200	1-800-572-0103	www.lethbridgecollege.ab.ca
Medicine Hat College	403-529-3811	1-866-282-8394	www.mhc.ab.ca
Mount Royal College	403-440-6111	1-877-676-0686	www.mtroyal.ab.ca
NorQuest College	780-644-6000	1-866-534-7218	www.norquest.ab.ca
Northern Lakes College	780-751-3200	1-866-652-3456	www.northernlakescollege.ca
Olds College	430-556-8281	1-800-661-6537	www.oldscollege.ab.ca
Portage College	780-623-5551	1-866-623-5551	www.portagecollege.ca
Red Deer College	403-342-3300	1-888-732-4630	www.rdc.ab.ca
Technical Institutes			
Northern Alberta Institute of Technology	780-471-7400	1-800-661-4077	www.nait.ca
Southern Alberta Institute of Technology	403-284-7248	1-877-284-7248	www.sait.ca
Universities			
University of Alberta	780-492-3111	—	www.ualberta.ca
University of Calgary	403-220-5110	—	www.ucalgary.ca
University of Lethbridge	403-320-5700	—	www.uleth.ca
Athabasca University	780-675-6100	1-800-788-9041	www.athabascau.ca
Banff Centre			
The Banff Centre for Continuing Education	403-762-6100	1-800-565-9989	www.banffcentre.ca

Publicly Funded Post-Secondary Institutions



Entities included in the Consolidated Government Reporting Entity (continued)

Ministry, Department, Fund or Agency	*Ministry Annual Report*
School Boards and Charter Schools *(continued)*	Education
St. Albert Protestant Separate School District No. 6	
St. Paul Education Regional Division No. 1	
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	
Sturgeon School Division No. 24	
Suzuki Charter School Society	
Westmount Charter School Society	
Westwind School Division No. 74	
Wetaskiwin Regional Division No. 11	
Wild Rose School Division No. 66	
Wolf Creek School Division No. 72	
Supplementary Retirement Plan Reserve Fund	Finance
Technical Institutes and The Banff Centre	Advanced Education and Technology
Northern Alberta Institute of Technology	
Southern Alberta Institute of Technology	
The Banff Centre for Continuing Education	
Universities	Advanced Education and Technology
Athabasca University	
The University of Alberta	
The University of Calgary	
The University of Lethbridge	
Victims of Crime Fund	Solicitor General and Public Security
Wild Rose Foundation	Tourism, Parks, Recreation and Culture

Entities not included in the Consolidated Government Reporting Entity

Fund or Agency	*Ministry Annual Report*
Alberta Foundation for Health Research	Advanced Education and Technology
Alberta Heritage Foundation for Medical Research	Advanced Education and Technology
Alberta Heritage Foundation for Science and Engineering Rresearch	Advanced Education and Technology
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs and Housing
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan - Bargaining Unit	Service Alberta
Long-Term Disability Income Continuance Plan - Management	Service Alberta
Opted Out and Excluded Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Plan Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Special Areas Trust Account	Municipal Affairs and Housing
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Employment, Immigration and Industry

Entities included in the Consolidated Government Reporting Entity (continued)

Ministry, Department, Fund or Agency	*Ministry Annual Report*
School Boards and Charter Schools *(continued)*	Education
Clearview School Division No. 71	
East Central Alberta Catholic Separate Schools Regional	
East Central Francophone Education Region No. 3	
Edmonton Catholic Separate School District No. 7	
Edmonton School District No. 7	
Elk Island Catholic Separate Regional Division No. 41	
Elk Island Public Schools Regional Division No. 14	
Evergreen Catholic Separate Regional Division No. 2	
FFCA Charter School Society	
Foothills School Division No. 38	
Fort McMurray Roman Catholic Separate School District No. 32	
Fort McMurray School District No. 2833	
Fort Vermilion School Division No. 52	
Golden Hills School Division No. 75	
Grande Prairie Public School District No. 2357	
Grande Prairie Roman Catholic Separate School District No. 28	
Grande Yellowhead Regional Division No. 35	
Grasslands Regional Division No. 6	
Greater North Central Francophone Education Region No. 2	
Greater Southern Public Francophone Education Region No. 4	
Greater Southern Separate Catholic Francophone Education Region No. 4	
Greater St. Albert Catholic Regional Division No. 29	
High Prairie School Division No. 48	
Holy Family Catholic Regional Division No. 37	
Holy Spirit Roman Catholic Separate Regional Division No. 4	
Horizon School Division No. 67	
Lakeland Roman Catholic Separate School District No. 150	
Lethbridge School District No. 51	
Living Waters Catholic Regional Division No. 42	
Livingstone Range School Division No. 68	
Medicine Hat Catholic Separate Regional Division No. 20	
Medicine Hat School District No. 76	
Moberly Hall School Society	
Mother Earth's Children's Charter School Society	
New Horizons Charter School Society	
Northern Gateway Regional Division No. 10	
Northern Lights School Division No. 69	
Northland School Division No. 61	
Northwest Francophone Education Region No. 1	
Palliser Regional Division No. 26	
Parkland School Division No. 70	
Peace River School Division No. 10	
Peace Wapiti School Division No. 76	
Pembina Hills Regional Division No. 7	
Prairie Land Regional Division No. 25	
Prairie Rose School Division No. 8	
Red Deer Catholic Regional Division No. 39	
Red Deer School District No. 104	
Rocky View School Division No. 41	

Entities included in the Consolidated Government Reporting Entity (continued)

Ministry, Department, Fund or Agency	Ministry Annual Report
Ministry of Municipal Affairs and Housing	Municipal Affairs and Housing
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Service Alberta[4]	Service Alberta
Ministry of Solicitor General and Public Security	Solicitor General and Public Security
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Ministry of the Treasury Board[4]	Treasury Board
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Community Boards	Seniors and Community Supports
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
South Region Community Board	
Persons with Developmental Disabilities Provincial Board[5]	Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Regional Health Authorities and Provincial Health Boards	Health and Wellness
Alberta Cancer Board	
Alberta Mental Health Board	
Aspen Regional Health Authority	
Calgary Health Region	
Capital Health	
Chinook Regional Health Authority	
David Thompson Regional Health Authority	
East Central Health	
Health Quality Council of Alberta	
Northern Lights Health Region	
Peace Country Health	
Palliser Health Region	
Safety Codes Council	Municipal Affairs and Housing
School Boards and Charter Schools	Education
Almadina School Society	
Aspen View Regional Division No. 19	
Aurora School Ltd.	
Battle River Regional Division No. 31	
Black Gold Regional Division No. 18	
Boyle Street Education Centre	
Buffalo Trail Public Schools Regional Division No. 28	
Calgary Arts Academy Society	
Calgary Girls' School Society	
Calgary Roman Catholic Separate School District No. 1	
Calgary School District No. 19	
Calgary Science School Society	
Canadian Rockies Regional Division No. 12	
CAPE-Centre for Academic and Personal Excellence Institute	
Chinook's Edge School Division No. 73	
Christ the Redeemer Catholic Separate Regional Division No. 3	

4. *The ministry includes only the department. A separate departmental financial statement is not necessary.*
5. *Ceased operations June 30, 2006.*

Entities included in the Consolidated Government Reporting Entity (continued)

Ministry, Department, Fund or Agency	Ministry Annual Report
Colleges	Advanced Education and Technology
Alberta College of Art and Design	
Bow Valley College	
Grande Prairie Regional College	
Grant MacEwan College	
Keyano College	
Lakeland College	
Lethbridge Community College	
Medicine Hat College	
Mount Royal College	
NorQuest College	
Northern Lakes College	
Olds College	
Portage College	
Red Deer College	
Department of Advanced Education and Technology	Advanced Education and Technology
Department of Agriculture and Food	Agriculture and Food
Department of Children's Services	Children's Services
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Environment	Environment
Department of Health and Wellness	Health and Wellness
Department of Municipal Affairs and Housing	Municipal Affairs and Housing
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Department of Tourism, Parks, Recreation and Culture	Tourism, Parks, Recreation and Culture
Energy Resources Conservation Board[1]	Energy
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Tourism, Parks, Recreation and Culture
Historic Resources Fund	Tourism, Parks, Recreation and Culture
Human Rights, Citizenship and Multiculturalism Education Fund	Tourism, Parks, Recreation and Culture
iCORE Inc.	Advanced Education and Technology
Lottery Fund	Solicitor General and Public Security
Ministry of Advanced Education and Technology	Advanced Education and Technology
Ministry of Agriculture and Food	Agriculture and Food
Ministry of Children's Services	Children's Services
Ministry of Education	Education
Ministry of Employment, Immigration and Industry[4]	Employment, Immigration and Industry
Ministry of Energy	Energy
Ministry of Environment	Environment
Ministry of Executive Council[4]	Executive Council
Ministry of Finance	Finance
Ministry of Health and Wellness	Health and Wellness
Ministry of Infrastructure and Transportation[4]	Infrastructure and Transportation
Ministry of International, Intergovernmental and Aboriginal Relations[4]	International, Intergovernmental and Aboriginal Relations
Ministry of Justice[4]	Justice

1. *Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.*
4. *The ministry includes only the department. A separate departmental financial statement is not necessary.*

Government Entities' Financial Statements in Ministry 2007-08 Annual Reports

Entities included in the Consolidated Government Reporting Entity

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Access to the Future Fund	Advanced Education and Training
Agriculture Financial Services Corporation	Agriculture and Food
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Cancer Prevention Legacy Fund	Finance
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board[1]	Energy
Alberta Foundation for the Arts	Tourism, Parks, Recreation and Culture
Alberta Gaming and Liquor Commission	Solicitor General and Public Security
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Tourism, Parks, Recreation and Culture
Alberta Insurance Council	Finance
Alberta Investment Management Corporation[2]	Finance
Alberta Local Authorities Pension Plan Corporation	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Advanced Education and Technology
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Municipal Affairs and Housing
Alberta Sport, Recreation, Parks and Wildlife Foundation	Tourism, Parks, Recreation and Culture
Alberta Treasury Branches	Finance
Alberta Utilities Commission[1]	Energy
ATB Insurance Advisors Inc.	Finance
ATB Investment Management Inc.	Finance
ATB Investment Services Inc.	Finance
ATB Securities Inc.	Finance
Child and Family Services Authorities	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Métis Settlements Child and Family Services Authority	
C-FER Technologies (1999) Inc.	Advanced Education and Technology
Climate Change and Emissions Management Fund[3]	Environment
Credit Union Deposit Guarantee Corporation	Finance

1. *Effective January 1, 2008, the Alberta Energy and Utilities Board was realigned into two separate regulatory bodies: the Alberta Utilities Commission and the Energy Resources Conservation Board.*
2. *Began operations January 1, 2008.*
3. *Began operations July 1, 2007.*

Alphabetical List of Government Entities' Financial Statements

Entities included in the Consolidated Government Reporting Entity

Entities not included in the Consolidated Government Reporting Entity